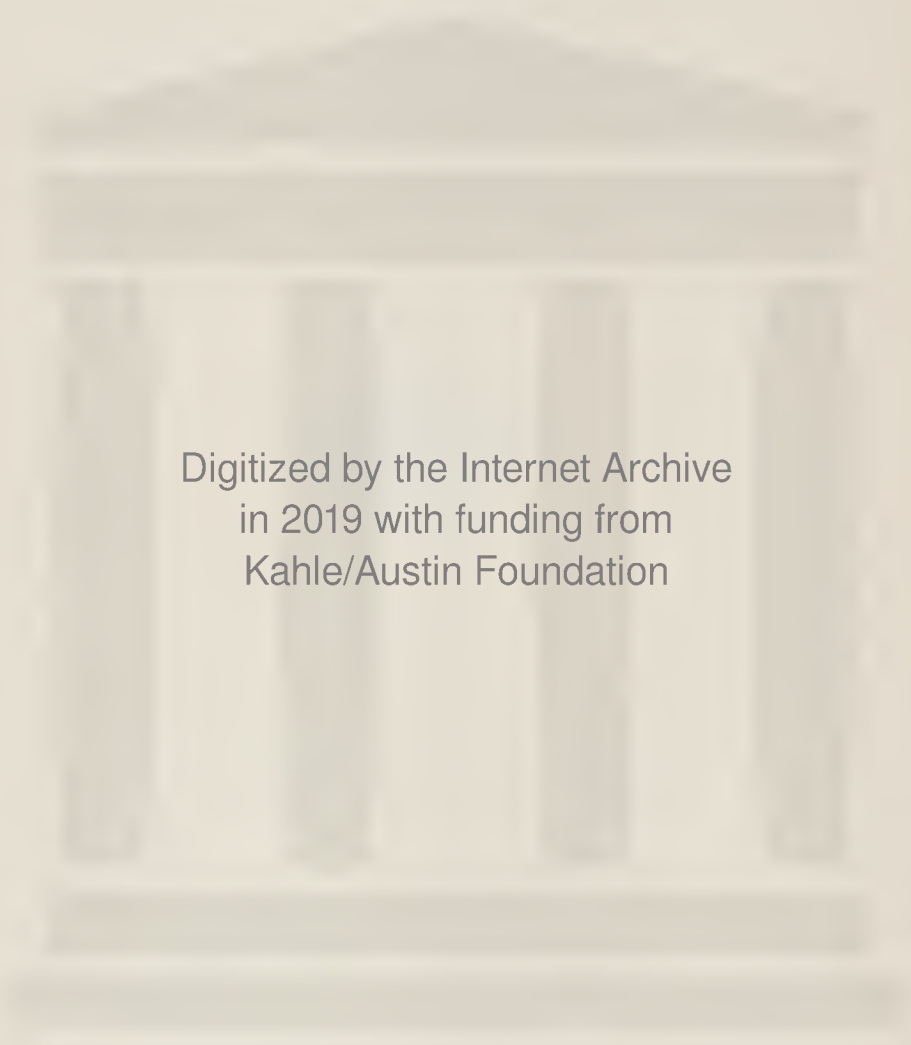


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Foreign Relations of the United States 1947

Volume IV

Eastern Europe;
The Soviet Union



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PREFACE

This volume was compiled and edited under the supervision of S. Everett Gleason, Chief of the Foreign Relations Division.

The documentation on the relations of the United States with Bulgaria, Czechoslovakia, Hungary, Poland, Romania, and Yugoslavia was compiled by William Slany.

The compilations on Finland and the Soviet Union were the work of Rogers P. Churchill.

The Publishing and Reproduction Services Division (Jerome H. Perlmutter, Chief) was responsible for the technical editing of this volume.

WILLIAM M. FRANKLIN
Director, Historical Office
Bureau of Public Affairs

OCTOBER 15, 1971

PRINCIPLES FOR THE COMPILATION AND EDITING OF "FOREIGN RELATIONS"

The principles which guide the compilation and editing of *Foreign Relations* are stated in Department of State Regulation 2 FAM 1350 of June 15, 1961, a revision of the order approved on March 26, 1925, by Mr. Frank B. Kellogg, then Secretary of State. The text of the regulation, as further amended, is printed below:

1350 DOCUMENTARY RECORD OF AMERICAN DIPLOMACY

1351 *Scope of Documentation*

The publication *Foreign Relations of the United States* constitutes the official record of the foreign policy of the United States. These volumes include, subject to necessary security considerations, all documents needed to give a comprehensive record of the major foreign policy decisions within the range of the Department of State's responsibilities, together with appropriate materials concerning the facts which contributed to the formulation of policies. When further material is needed to supplement the documentation in the Department's files for a proper understanding of the relevant policies of the United States, such papers should be obtained from other Government agencies.

1352 *Editorial Preparation*

The basic documentary diplomatic record to be printed in *Foreign Relations of the United States* is edited by the Historical Office, Bureau of Public Affairs of the Department of State. The editing of the record is guided by the principles of historical objectivity. There may be no alteration of the text, no deletions without indicating where in the text the deletion is made, and no omission of facts which were of major importance in reaching a decision. Nothing may be omitted for the purpose of concealing or glossing over what might be regarded by some as a defect of policy. However, certain omissions of documents are permissible for the following reasons:

- a. To avoid publication of matters which would tend to impede current diplomatic negotiations or other business.
- b. To condense the record and avoid repetition of needless details.
- c. To preserve the confidence reposed in the Department by individuals and by foreign governments.
- d. To avoid giving needless offense to other nationalities or individuals.
- e. To eliminate personal opinions presented in despatches and not acted upon by the Department. To this consideration there is one qualification—in connection with major decisions it is desirable, where possible, to show the alternatives presented to the Department before the decision was made.

1353 *Clearance*

To obtain appropriate clearances of material to be published in *Foreign Relations of the United States*, the Historical Office:

- a. Refers to the appropriate policy offices of the Department and of other agencies of the Government such papers as appear to require policy clearance.
- b. Refers to the appropriate foreign governments requests for permission to print as part of the diplomatic correspondence of the United States those previously unpublished documents which were originated by the foreign governments.

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LIST OF ABBREVIATIONS AND SYMBOLS

EDITOR'S NOTE.—This list does not include standard abbreviations in common usage; unusual abbreviations of rare occurrence which are clarified at appropriate points; and those abbreviations and contractions which, although uncommon, are understandable from the context.

- A-A, Office of Assistant Secretary of State Norman Armour
 ACC, Allied Control Commission; Allied Control Council
 AFHQ, Allied Force Headquarters (Mediterranean Theater)
 AFL, American Federation of Labor
 AGWar, Adjutant General, War Department
 AMG, Allied Military Government
 ASYG, Assistant Secretary General
 BalCom, United States element on the United Nations Balkan Commission
 BBC, British Broadcasting Corporation
 BETFOR, Headquarters, British Element, Trieste Force
 bn, battalion
 C, Counselor of the Department of State
 CBS, Columbia Broadcasting System
 CCS, Combined Chiefs of Staff
 CFM, Council of Foreign Ministers
 CGIL, *Confederazione Generale Italiana del Lavoro* (General Confederation of Labor in Italy)
 CGT, *Confédération Générale du Travail* (General Confederation of Labor in France)
 cirtel, circular telegram
 CMF, Central Mediterranean Force (British)
 Cominform, the Communist Information Bureau, created at meeting in Poland (September 22-27, 1947), with headquarters soon established in Belgrade
 Comintern, the Communist (Third) International, founded in Moscow in March 1919, abolished in June 1943
 CONL/P, document designation for papers emanating from the Allied Control Council for Germany
 CORC/M, document designation for minutes of the Coordinating Committee of the Allied Control Council for Germany
 CP, Communist Party
 coy, company
 Delsec, indicator for telegrams from the United States Delegation for Council of Foreign Ministers business at meetings during 1947
 Depcirtel, Department of State circular telegram
 Dept, Department (usually the Department of State)
 Deptel, Department's telegram
 Dip, diplomatic
 DO, Disbursing Office, or Officer
 DP(s), displaced person(s)
 ECE, Economic Commission for Europe (of the United Nations)
 EE, Division of Eastern European Affairs, Department of State
 Embdes, Embassy's despatch
 Embrep, Embassy's report
 Embtel(s), Embassy's telegram(s)
 EUCOM, European Command
 ExIm Bank (Eximbank), Export-Import Bank of Washington
 Eyes Only, Communication indicator used on messages which were to receive extremely limited distribution
 Fan, Naf, series indicator, telegram from (to) Combined Chiefs of Staff to (from) Supreme Allied Commander Mediterranean, AFHQ
 f. a. s., free alongside ship

- Fat, Taf**, series indicator, messages from (to) the Combined Chiefs of Staff to (from) General Airey, Commanding General, Allied Forces in the Free Territory of Trieste
- FF**, Fatherland Front, the coalition of parties forming a government in Bulgaria
- FLC**, Foreign Liquidation Commission
- FonAff**, Foreign Affairs
- FonOff**, Foreign Office
- ForMin**, Foreign Minister
- FPRY**, Federative People's Republic of Yugoslavia
- FSC**, Foreign Service Clerk
- FTT**, Free Territory of Trieste
- G-1, -2, -3, -4, -5**, sections of a military staff, in a division or larger unit
- GA**, General Assembly of the United Nations
- GAO**, General Accounting Office
- GHQ**, General Headquarters
- GNA**, Grand National Assembly, the Bulgarian Parliament
- GOC**, General Officer Commanding
- Gosbank**, State Bank (of the Soviet Union)
- IBD**, International Broadcasting Division, Office of International Information and Cultural Affairs, Department of State
- IGCR**, Inter-Governmental Committee on Refugees
- infotel**, information telegram
- int**, intelligence
- IRO**, International Refugee Organization
- ITO**, International Trade Organization
- JCS**, Joint Chiefs of Staff
- JPRS**, Joint Press Reading Service
- kolkhoz**, a collective farm in the Soviet Union
- Kosmos**, indicator for telegrams from the United States Delegation for non-Council of Foreign Ministers business at Fourth Session meetings in Moscow
- KRRC**, King's Royal Rifle Corps (United Kingdom)
- LCILs**, landing craft, infantry
- Le**, Office of the Legal Adviser, Department of State
- Le/E**, Office of the Legal Adviser (Economic Affairs), Department of State
- Le/P**, Office of the Legal Adviser (Political Affairs), Department of State
- Le/S**, Office of the Legal Adviser (Special Affairs), Department of State
- Legtel**, Legation's telegram
- LP**, Division of Lend-Lease and Surplus War Property Affairs, Department of State
- MAORT**, *Magyar Amerikai Olajipari Reszvenytarsasag*, an Hungarian oil company, a subsidiary of Standard Oil Company of New Jersey
- MinFonAff**, Minister (Ministry) of Foreign Affairs
- Mistel**, mission telegram
- Moskco**, indicator for telegrams to the United States Delegation for non-Council of Foreign Ministers business at Fourth Session meetings in Moscow
- MSC**, Military Staff Committee (United Nations)
- MTOUSA**, Mediterranean Theater of Operations, United States Army
- mydes(p)**, my despatch
- mytel(s)**, my telegram(s)
- NAC**, National Advisory Council on International Monetary and Financial Problems
- Naf**, see Fan
- Narkomindel**, People's Commissariat for Foreign Affairs of the Soviet Union; the redesignation of Commissariats as ministries in March 1946 changed NKID to MID, Ministry for Foreign Affairs
- Niact**, Communications indicator requiring attention by the recipient at any hour of the day or night
- NOE**, Division of Northern European Affairs, Department of State
- OFLC**, Office of the Foreign Liquidation Commissioner, Department of State
- OIC**, Office of International Information and Cultural Affairs, Department of State

- OIE, Office of Information and Educational Exchange, Department of State (formerly OIC)
- OIR, Office of Intelligence Research, Department of State
- OMGUS, Office of Military Government for Germany (United States)
- OVIR, Bureau of Visas and Registration of Foreigners, in the Ministry for Internal Affairs of the Soviet Union
- OWI, Office of War Information
- OZNA, Yugoslav Department of National Security (*Odeljenje za zastitu naroda*)
- PolAd, Political Adviser
- PolGov, Polish Government
- POW(s), prisoner(s) of war
- PPS, Polish Socialist Party (*Polska Partja Socjalistyczna*)
- PriMin, Prime Minister
- PSL, Polish Peasant Party (*Polskie Stronnictwo Ludowe*)
- PTs, motor torpedo boats
- R-Day, ratification day (as applied to the Treaty of Peace with Italy)
- reDeptel, regarding the Department of State's telegram
- reEmb, regarding Embassy's (message)
- reEmbtel, regarding Embassy's telegram
- refdes, despatch under reference
- reftel, telegram under reference
- remy, regarding my (message)
- reourt, regarding our telegram
- reurtel, regarding your telegram
- RFN, rifleman
- RSFSR, Russian Soviet Federated Socialist Republic
- SAC, Supreme Allied Commander
- SACMED, Supreme Allied Commander, Mediterranean
- SC, Security Council of the United Nations
- S-Day, signature day (as applied to the Treaty of Peace with Italy)
- SE, Division of Southern European Affairs, Department of State
- Secdel, indicator for telegrams to the United States Delegation for Council of Foreign Ministers business at meetings during 1947
- SecState, Secretary of State
- shpts, shipments
- SovAmb, Ambassador of the Soviet Union
- Sovreps, Soviet representatives
- SPA, Office of Special Political Affairs, Department of State
- S/S-PR, the Executive Secretariat, Protocol Staff
- SYG, Secretary General
- T-2 tankers, war-built tankers
- Taf, see Fat
- TANJUG, Telegraph Agency of Yugoslavia
- Tass, Telegraph Agency of the Soviet Union
- tps, troops
- TRUST, Trieste United States Troops
- UB, Polish Security Police (*Urzad Bezpieczenstwa*)
- UK, United Kingdom
- UN, United Nations
- UNRRA, United Nations Relief and Rehabilitation Organization
- ur, your
- urdes, your despatch
- URO, Central Trade Union Organization (Czechoslovakia)
- urtel, your telegram
- USDel, United States Delegation
- USPolAd, United States Political Adviser (to the Supreme Allied Commander, Mediterranean Theater)
- USreps, United States representatives
- USUN, United States Mission to the United Nations
- VA, Voice of America
- VG, Venezia Giulia
- V-J Day, the day of Japanese capitulation
- VOA, Voice of America
- VOKS, All Union Society for Cultural Relations with Foreign Countries (Soviet Union)
- VOUSA, Voice of America
- WAA, War Assets Administration
- WARCOS, War Department, Chief of Staff

WARX, War Department call sign, for messages emanating from the War Department or from Army Headquarters, Washington

WDSCA, War Department Staff, Civil Affairs

WFTU, World Federation of Trade Unions

X-ite Greek, a royalist terrorist organization in Greece

yrdes, your despatch

yrtel, your telegram

Zecho, Czechoslovakia

EASTERN EUROPE

EFFORTS BY THE UNITED STATES TO SECURE THE IMPLEMENTATION OF THE TREATIES OF PEACE WITH BULGARIA, HUNGARY, AND RUMANIA ¹

740.00119 EW/1-1047 : Telegram

The Representative in Bulgaria (Barnes) to the Secretary of State

SECRET URGENT

SOFIA, January 10, 1947—4 p. m.

23. Acting British political representative ² has been requested by Foreign Office to report his views as to modalities for giving effect to Article 33 draft peace treaty with Bulgaria. He has had only text as it appeared in Paris Conference draft, and two counter drafts of Article 34 to work on.³

It is my understanding his recommendations envisage rules of procedure that would formalize substance of Articles 33 and 34 into something in nature of civilian ACC, with chairmanship rotating among three members for specified periods. I am strongly of the opinion that he is on wrong track, and that any agreement between three signatories on procedural matters could only operate to disadvantage of US and UK.

¹ Documentation on the preparation of the Treaties of Peace with Bulgaria, Hungary, and Rumania at the Second Session of the Council of Foreign Ministers at Paris, April 25-May 15 and June 15-July 12, 1946, the Paris Peace Conference, July 29-October 15, 1946, and the Third Session of the Council of Foreign Ministers at New York, November 4-December 12, 1946, is included in *Foreign Relations*, 1946, vols. II, and III. For the texts of the completed Treaties of Peace with Bulgaria, Hungary, and Rumania, as signed at Paris, February 10, 1947, see Department of State Treaties and Other International Acts Series (TIAS) Nos. 1650, 1651, and 1649, respectively. For documentation on the signing, ratification and deposit of ratifications of these treaties, see volume III.

² Richard Bartram Boyd Tollinton.

³ For the text of Draft Peace Treaty with Bulgaria as presented to the Paris Peace Conference by the Council of Foreign Ministers, see *Foreign Relations*, 1946, vol. IV, pp. 95-101. Following consideration and revision of the Draft Treaty by the Paris Peace Conference (July 29-October 15, 1946 and the Third Session of the Council of Foreign Ministers at New York (November 4-December 12, 1946), the articles under reference (33 and 34) were included in the final approved text of the Peace Treaty with Bulgaria as articles 35 and 36 respectively. For the text of the Bulgarian Peace Treaty as signed in Paris on February 10, 1947, see TIAS No. 1650. Identical articles were included in the Treaties of Peace with Rumania (articles 36 and 37) and with Hungary (articles 39 and 40), which were also signed at Paris on February 10, 1947. For the texts of these other treaties, see TIAS Nos. 1649 and 1651. The documentation on the Paris Peace Conference and the New York session of the Council of Foreign Ministers comprise *Foreign Relations*, 1946, volumes II, III, and IV.

I am too impressed by impotency of US and UK representation on ACC under armistice terms⁴ ever to believe Russians would look upon procedural agreement with respect to Article 33 except as means to circumvent purposes of US and UK. I believe application Article 33 matter to be worked out on spot between three representatives, and that at most, only such general principles as follow might be agreed to in advance on governmental level:

(1) Request of any one of three representatives for meeting should be respected by other two.

(2) If chairman considered necessary at meetings, then chairmanship should rotate meeting by meeting. Frankly, I can see no valid reason why three representatives so-called friendly powers should have to resort to formality of chairmanship.

(3) If chairmanship decided upon, then each presiding representative in turn responsible for preparation of minutes in language of representative, and minutes to be subject to correction before inscribed in records.

(4) Decisions to be by majority vote, minority member having right to file written dissenting opinion.

(5) No preclusive agenda, but obligation on part of convoking member, to state reason for requesting meeting.

My experience to date with Russians has convinced me they seek formality and procedural agreements primarily as instrument of offensive or defensive diplomatic action, depending upon needs of moment. If basis of Article 33 is principle, that execution of peace treaty will be supervised through friendly cooperation between three great Allies, then I think it would be pity and harmful to ultimate outcome if efforts were made in advance to formalize and encase in "strait-jacket" nature of this cooperation. We already have ample evidence in experience to date our representatives on ACC Bulgaria, of manner in which Russia relies on prior procedural agreements to circumvent spirit and letter of obligation to cooperate and be friendly.

Sent Dept; repeated London as 6, Moscow 7.

BARNES

⁴ The reference here is to the Armistice Agreement between the United States, the United Kingdom, and the Soviet Union and Bulgaria, October 28, 1944. For documentation on the participation by the United States in the Allied Control Commission for Bulgaria, see *Foreign Relations*, 1945, vol. iv, pp. 135 ff. and 1946, vol. vi, pp. 46 ff.

740.00119 EW/1-1047 : Telegram

The Secretary of State to the Embassy in the United Kingdom

SECRET

WASHINGTON, January 14, 1947—6 p. m.

206. As indicated in Sofia's 23 Jan 10 (which is being rptd to Budapest and Bucharest) and Budapest's 31 Jan 9,¹ FonOff appar-

¹ Not printed; it reported that the British Political Representatives in Budapest, Bucharest, and Sofia were returning to London for consultation relative to the implementation of the peace treaties with Hungary, Rumania, and Bulgaria (740.00119 EW/1-947).

ently envisages implementation of Articles 33 and 34 of draft Bulg peace treaty and corresponding Articles of Hun and Rum treaties through medium of tripartite commissions to be established in Sofia, Budapest and Bucharest. Although many of unfavorable circumstances adversely affecting US and UK roles in ACCs will be absent during post-treaty period, Dept inclined agree with Barnes' view that experiences of US and UK ACC reps with Soviet penchant and aptitude for utilizing formalized procedural arrangements as means of stultifying genuine tripartite discussion and action should serve as warning against comparable procedural arrangements in future.

Five general principles set forth in Sofia's telegram might be acceptable as basis compromise US-Brit position if latter feel strongly in matter but Dept does not for time being think it advisable make them subject proposal to Brit.

Pls discuss informally with FonOff endeavoring elucidate thinking underlying Brit attitude.

Sent London 206; rptd Moscow 62; Sofia 13; Budapest 37; and Bucharest 19.

BYRNES

740.00119 EW/1-2047: Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

SECRET

LONDON, January 20, 1947—6 p. m.

403. We discussed today with acting head Southern Department, Foreign Office, question of setting up of civilian tripartite commissions in Sofia, Bucharest, and Budapest (see Dept's 206, January 14, Budapest's 3, January 9,¹ and Sofia's 6, January 10²) without indicating Department's feelings regarding general principles set forth in Sofia's telegram.

In general, Foreign Office is aware of dangers inherent in setting up commissions analogous to ACCs in respective countries. Today Foreign Office held meeting on subject at which were present Sterndale-Bennett (who will replace Houston-Boswall),³ Holman,⁴ and

¹ Same as telegram 31, January 9, from Budapest; see footnote 1 to telegram 206, January 14, to London, *supra*.

² Same as telegram 23, January 10, from Sofia, p. 1.

³ John Cecil Sterndale Bennett succeeded William Evelyn Houston-Boswall as British Political Representative in Bulgaria. On September 18, Sterndale Bennett was appointed British Minister to Bulgaria.

⁴ Adrian Holman, British Political Representative in Rumania. On September 17, Holman was appointed British Minister to Rumania.

Helm.⁵ Foreign Office official told us following decisions were reached at this meeting:

1. Chairmanships of commissions should be rotating for a period of a month or any other agreed time.
2. Secretary Generalships of commissions should be rotating, and representatives on Secretariat should be members of Legations' staffs.
3. Official languages to be used should be Russian and English.
4. Decisions should be unanimous. In this connection, Foreign Office felt that Russians would refuse to accept majority decisions, but probably would accept unanimous decisions as it would give them as well as UK and US a veto.
5. Request of any one of three representatives should be sufficient to call a meeting of commissions; in any case there should be meeting regularly stated intervals.

From the above remarks of Foreign Office official, Department will observe that Foreign Office is thinking along same lines as Department in several instances.

We said to Foreign Office official that experience had shown that on the ACCs in the three countries, the Russians had used formalized procedural arrangements for their own purposes, and that a certain flexibility appeared necessary in these civil tripartite commissions in order that Russians would be stopped from similar practices. Official replied that this was a good point, and that he would make note of it. He added, however, that a golden mean between formalization and flexibility must be found as too much flexibility could be used to UK and US disadvantage by the Russians.

Foreign Office intention is to bring its views to Department's attention on a formal basis, and official hoped that Department will formulate its own ideas and communicate them to Foreign Office.

Sent Dept 403, repeated Sofia 1, Bucharest 1, and Budapest 3.

GALLMAN

⁵ Alexander Knox Helm, British Political Representative in Hungary. On September 17, Helm was appointed British Minister to Hungary.

740.00119 EW/1-2247 : Telegram

The Representative in Bulgaria (Barnes) to the Secretary of State

SECRET

SOFIA, January 22, 1947—5 p. m.

58. If British Foreign Office thought on implementation Articles 33 and 34 draft peace treaty with Bulgaria, as set forth London's telegram 403, January 20, to Department, indicative of extent to which treaty language may be expanded and distorted by interpretation, then certainly problem of treaty fulfillment will be complicated one limited only by imagination and ingenuity of three contending representatives charged with execution and interpretation. So far as I know language

of Articles 33 and 34 nothing is said about any such elaborate and fixed procedures for execution and interpretation of treaty as Foreign Office seems to envisage.

I personally am convinced that few months experience with such procedure would suffice to make Department and whoever represents United States Sofia to regret agreement this nature on governmental level so long as any mention or reference to treaty might ever in future be made. In case of Bulgaria, British have already once led us "down garden path" in negotiations conducted Moscow by Churchill and Eden.¹ For Heaven's sakes let's at long last act on our own experience and in instant case that experience is 2 years of bitter frustration of United States military representative ACC.

Treaty says that heads of diplomatic missions USSR, UK and US, acting in concert, will represent Allied and Associated Powers in all matters concerning execution and interpretation of treaty for period of 18 months. I can only urge that we follow this simple straightforward language and leave matter to three representatives on spot. "Acting in concert" certainly does not imply new straitjacket for our relations with Bulgaria in form of civilian ACC.

Three representatives will find way to deal with problem and because way they find will be shaped by force of circumstance, it will be practical one and not something arrived at by a priori reasoning which may well prove unrelated to reality because of Russian stubbornness and determination to hold us to agreement that they can use to our disadvantage.

I assume that if Bulgarian Government were suddenly to throw all opposition members Parliament into prison on grounds they are "reactionaries, Fascists and agents of foreign influence" United States Government would have something to say about matter under Article 2 of treaty. Do we want prior procedural agreement whereby, just as in armistice period, Russian representative Sofia could by strict interpretation of agreement, maintain we had no right in such circumstances to charge non-execution of treaty? Hundreds of similar possibilities could be cited. One should suffice. Primary merit of treaty relations as I see situation is that we will regain freedom of diplomatic

¹The reference here is presumably to the informal Anglo-Soviet understanding on percentages of predominance in the favor of the United Kingdom and the Soviet Union in certain Balkan countries. The understanding had been reached on October 9 and 10, 1944, in the course of discussions in Moscow between British Prime Minister Winston S. Churchill and Foreign Secretary Anthony Eden on the one hand and Marshal Stalin and Foreign Commissar Molotov on the other. For accounts of these discussions, see Winston S. Churchill, *The Second World War: Triumph and Tragedy* (Boston, Houghton Mifflin Company, 1953), pp. 226-235, and Sir Llewellyn Woodward, *British Foreign Policy in the Second World War* (London, 1962), pp. 307-308; see also *Foreign Relations*, 1944, vol. v, pp. 112-131 *passim*, and *The Memoirs of Cordell Hull* (New York, The Macmillan Company, 1948), vol. II, pp. 1451-1459.

action with respect to Bulgaria within limits of what our overall relations with Russia and UK permit. Let's not voluntarily set up new bogeyman in form of civilian ACC.

Sent Department 58; repeated Budapest 3; Bucharest 5; London 11; Moscow 13.

BARNES

740.00119 EW/1-2247 : Telegram

The Secretary of State to the Embassy in the United Kingdom

SECRET

WASHINGTON, January 24, 1947—7 p. m.

418. You may inform FonOff (urtel 403 Jan 20, Sofia's tel 58 Jan 22 rptd to London as 11 and previous) that Dept will welcome detailed expression FonOff views concerning implementation, interpretation and execution provisions peace treaties. You may add that in meantime we have been giving further consideration matter as a result of which we are increasingly persuaded of the inadvisability of undertaking establishment formal bodies to exercise concerted four or three power action or to formulate in advance rules of procedure to govern relationships heads of mission in exercise authority devolving upon them. In addition to potential frustration inherent in Soviet propensity utilize formalized procedure to defeat expressed purposes international engagements in favor attainment separate Soviet policy ends, we feel that, while identical provisions in four treaties¹ suggest similarity approach in four countries, there are in fact sufficient differences in situations existing and consequently in problems which may be expected to confront us in each of countries concerned, to make advance formalized agreement on standardized procedure of questionable wisdom. While it may be desirable in each instance to agree on such matters as rotating chairmanships at consultative or committee levels, official languages, procedure for calling meetings, circulating and storing documents, it seems to us preferable to leave determination such matters for consideration by chiefs of mission concerned in each capital after coming into force of treaties. To do so would also have advantage of permitting us to take into account personalities of individuals selected by Soviets which we think experience has shown is factor of at least some consequence in determining degree cooperation achievable in day-to-day operations.

As regards decisions heads of mission we believe treaty language "acting in concert" envisages unanimity and that such unanimity

¹ The fourth treaty under reference here is the Treaty of Peace with Italy. Materials on the implementation of the Italian Peace Treaty are included in the documentation on Italy presented in volume III.

likely in some countries operate advantage US and UK by affording opportunity our governments endeavor forestall unilateral Soviet action in Balkans of type which has been principal cause for complaint against conduct control commissions there.

Sent London, rptd Moscow, Rome, Sofia, Budapest and Bucharest.
MARSHALL

740.00119 EW/1-2747

The Secretary of State to the Secretary of the Navy (Forrestal)

SECRET

WASHINGTON, January 27, 1947.

MY DEAR MR. SECRETARY: Reference is made to several informal inquiries received from the War and Navy Departments soliciting the views of this Department in regard to the timing of the deactivation of the United States contingents with the Allied Control Commissions in Bulgaria, Hungary and Rumania which will terminate their functions upon the coming into force of the peace treaties with those countries when instruments of ratification by the United States, United Kingdom and the U.S.S.R. are deposited with the U.S.S.R.¹

According to the provisions of the peace treaties with Bulgaria, Hungary and Rumania all armed forces of the Allied and Associated Powers shall be withdrawn as soon as possible and in any case not later than ninety days from the coming into force of the treaties except in the case of Rumania and Hungary for such Soviet forces as may be necessary to maintain lines of communication with the Soviet Zone in Austria. During the ninety day period due compensation shall be paid to the Bulgarian Government for such supplies and facilities as the forces of the Allied and Associated Powers which are being withdrawn shall require.

It is, of course, impossible to estimate in advance when ratification of the treaties will take place, and I believe it desirable that the United States Military and Naval contingents remain with the Allied Control Commissions in sufficient strength to perform the Commission functions devolving upon them until the termination of the Commissions on the date of the coming into force of the treaties. In the circumstances, it does not seem to me desirable that any major segments of those contingents actually be withdrawn from Bulgaria, Rumania or Hungary until after the ratification date. However, plans for the expeditious withdrawal after ratification could be formulated at present and in the meantime, during the period between the signature of the

¹The ratifications of the Treaties of Peace with Bulgaria, Hungary, and Rumania were deposited on September 15. For additional documentation on this topic, see volume III.

treaties on February 10 and the ratification date, there would seem to be no reason why we could not withdraw such personnel as may appear surplus for the execution of the diminishing volume of work which may be expected to result from the prospect of the early termination of the Commissions. I hope that in this manner the withdrawal of the U. S. delegations to the Allied Control Commissions in the three countries can be accomplished as soon as possible and in any event not later than thirty days after the coming into force of the treaties.

The views of this Department have also been asked concerning the assignment of military and naval attachés and accompanying personnel to Bulgaria, Hungary and Rumania. Since this Government has already established diplomatic relations with the Hungarian Government there will be no difficulty in transferring such personnel to the American Legation in Budapest, which I suggest be made effective on the date of ratification of the Hungarian peace treaty. We have not yet accredited diplomatic representatives to the Rumanian or Bulgarian Governments and consequently definitive determination of the procedure to be followed in the assignment of military and naval attachés to those posts cannot now be made. However, this matter is receiving active consideration and I shall not fail to communicate with you further in this connection as soon as a decision is reached which I hope will be at an early date.

I am writing along similar lines to the Secretary of War.

Sincerely yours,

GEORGE C. MARSHALL

740.0011 EW Peace/2-2847 : Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

SECRET

LONDON, February 28, 1947—4 p. m.

1363. We have received letter dated February 26 from Foreign Office re ours of January 27, which was based on Deptel 418, January 24, re implementation of peace treaties (also Embassy's 403, January 20).

After apologizing for delay in answering Foreign Office letter continues as follows:

(*Verbatim text*) "The position of the Foreign Office is generally in agreement with the views of the State Department in this matter. In the first place, we agree that the activities of the four heads of Mission should be arranged so as to reduce to a minimum the possibility of delay on procedural questions, which the Soviet Government might utilize in order to pursue a unilateral policy. We do not wish that the four heads of Mission should be considered as perpetuating the functions of the Allied Control Commissions which existed during the armistice period.

"Secondly, we agree that there may be considerable advantage in adopting a different procedure in the case of Italy as opposed to that adopted in the Balkan countries.

"Finally, we concur with your interpretation of the language of the treaties which implies that the decisions of the four heads of Mission should be unanimous.

"There remains the question of the appropriate time for discussing the procedure for enforcement of peace treaties. While we agree that it would be inadvisable for us to elaborate [apparent omission] rigid a procedure in advance, we believe at the same time that the complete absence of any agreed procedure would only hold up the work of the Ambassadors at a time when they are likely to be most busy. Since the Ambassadors will have to assume their responsibilities immediately on the entry into force of the treaty, we have felt all along that their duties should be clearly understood between the four powers concerned and that the manner of their work should be laid down in advance. We feel that if no understanding is reached at all before the entry into force of the treaty, the Ambassadors might be prevented from taking prompt and effective action at the beginning of the period of their duties by the necessity to elaborate their own procedure and discuss the extent of their powers. This would be all the more unfortunate because many questions with which the Ambassadors will be concerned will arise at the earliest stage of their responsibilities. In the case of the Balkan countries, this delay might well provide the opportunity for unilateral action by the Russians.

"Our view is therefore that the heads of Mission in each capital should discuss their procedure as early as possible before the coming into force of the treaties so as to enable them to exercise their functions with the least possible delay after the treaties come into force. Before proposing that our representatives should consult their colleagues in this matter, we are anxious to obtain the views of the United States Government on the proposals we have in mind.

"I will now attempt to give you the main principles which we feel should be laid down if the work of the Ambassadors is to be effective.

"In the case of all the four treaties we believe that it would be well to provide that the Chairmanship of the Council of Representatives should rotate monthly. We also feel that meetings of the four representatives should be called by the Chairman at the request of any one of the members and, in any case, once every 15 days. Each representative should be empowered to appoint a deputy to attend meetings and the four heads of Mission should be free to appoint such expert committees as occasion demands. In line with the procedure adopted during the Council of Foreign Ministers, we feel that the following committees would be useful:

"1. A Military Committee to advise on the supervision of the military clauses of the treaty, clauses on demilitarization and on war material in conjunction with the Naval, Air and Economic Committees.

"2. A Naval Committee to advise on the supervision of naval clauses of the peace treaty.

"3. An Air Committee to advise on the supervision of the air clauses of the peace treaty.

"4. An Economic Committee or committees to advise on the supervision of the economic clauses of the peace treaty. In addition this committee could assist the Ambassadors in the performance of their functions under the article limiting the Italian Air Force, in the case of the Italian treaty.

"For Italy a Four-Power Naval Commission has been set up, to work under the Ambassadors. The primary duty of this body is to arrange the transfer of the surplus units of the Italian Navy listed in Annex IV B, in accordance with Article 48 of the treaty.

"As I have stated above, we agree that the decisions of the heads of Mission should be unanimous. This would apply to action vis-à-vis the Rumanian, Bulgarian and Hungarian Governments in connection with the carrying out of any article of the peace treaties. Such provision does, of course, give all three powers a veto, but this is a lesser evil than allowing a loophole for unilateral action. In Italy, in view of the possibilities of Russian blocking tactics, it is less desirable to insist on a procedure by which all action must be unanimous.

"In our view an International Secretariat should be established with an office separate from the Embassy or the Legation of any of the Allied powers. It should be composed of one secretary provided by each Embassy or Legation and a clerical staff also provided by the Allied countries. The official languages should be English and Russian, and in the case of Italy, French. The secretaryship should rotate, i.e., the secretary responsible for action at any time should be of the same nationality as the Chairman of the Council of heads of Mission at the same period.

"It is proposed that communications from outside persons or bodies should be addressed to all three or four heads of Mission. The Chairman of the Council would then take any interim action that might be necessary to put the subject of the communication on the agenda. The reply would be sent by all the heads of Mission jointly and the necessary action taken by the Chairman of the month, the reply being drafted in the language of the Chairman of the month.

"These rules should, of course, be susceptible to local alteration by unanimous decision of the heads of Mission in any of the countries concerned, and I trust that this provision may meet the objections of the State Department to the drawing up of rules of procedure by the heads of Mission in advance of the coming into force of the treaty.

"We are thus strongly in favour of the heads of Mission starting to discuss the procedure for carrying out their functions under the treaties without delay and, if the State Department find it possible to agree with us in this matter, we will send instructions to our representatives in the countries concerned to begin consultations with their colleagues.

"Another question which has bearing on the activities of the heads of Mission in Rumania and Hungary is that of Soviet lines of communication troops in these countries. We view with some anxiety the influence which these troops may exercise in Rumania and Hungary, and we should be very glad to know whether the United States Government contemplates pursuing at Moscow the proposal on the limita-

tion of these forces tabled by Mr. Byrnes at the New York meeting of the Council of Foreign Ministers.”¹ (*End verbatim text*)

GALLMAN

¹Telegram 1051, March 5, to London, not printed, repeated to Rome, Sofia, Budapest, Bucharest and Moscow as telegrams 317, 72, 226, 142, and 392, respectively, commented on this Foreign Office letter as follows: “We are in general agreement Brit views and you may accordingly undertake discussions with your colleagues along these lines.” (740.0011 EW Peace/2-2847)

740.0011 EW (Peace)/4-1047 : Telegram

The Minister in Hungary (Schoenfeld) to the Secretary of State

SECRET

PRIORITY

BUDAPEST, April 10, 1947—6 p. m.

593. Second meeting Soviet¹ and British Ministers² and myself to discuss functions three Chiefs of Mission under peace treaty (my telegram 533, March 28³) held today in Legation. Acouoset [*At outset?*] Soviet Minister set forth his views as to these functions which included under Article 39 of Hungarian treaty the right to supervise and observe fulfillment treaty by Hungarians although no specific obligation set forth therein, and under Article 40 as he said the unanimous decision of unresolved disputes between parties to the treaty. Pushkin stated in his opinion questions could come before three Chiefs of Mission only in following cases:

1. An unresolved dispute between signatories to treaty
2. In question of nonfulfillment of treaty provisions raised by one of three Chiefs of Mission and
3. Request by Hungarian Government for interpretation of treaty provisions.

Pushkin stated in his view foregoing indicated no necessity for any sort of permanent organization, that meetings would be necessary only as long [apparent omission] demanded and that observation of treaty is responsibility to be exercised separately by each Chief of Mission.

In response to questions by myself and Helm as to how under foregoing Pushkin envisaged actual functioning of three Chiefs of Mission regarding such matters as communications with Hungarian Government, etc., Pushkin stated these were unimportant “procedural questions” which need not be discussed until ratification of treaty and which he felt could then be easily resolved provided organizational questions were agreed upon.

¹Georgi Maksimovich Pushkin.

²British Political Representative Alexander Knox Helm held the personal rank of Minister.

³At the suggestion of Minister Schoenfeld, Pushkin, Helm and he had held a first preliminary meeting at the American Legation on March 27. This meeting was reported upon briefly in the telegram under reference, not printed (740.0011 EW (Peace)/3-2847).

It was Pushkin's view that there was clear disagreement among us as to "organizational questions" or "questions of principle" and that these matters must therefore be referred to respective governments for decision and that in addition respective governments, in view of common features of pertinent treaty provisions in other ex-satellite treaties, should resolve such questions and evolve unified plan for functioning of all Chiefs of Missions under treaties.

Although both Helm and I rejected necessity of referring these questions as such to our governments since treaty seemed to be explicit as to powers of Chiefs of Mission and hence as to their organizational functions it was agreed that in view of clear disagreement on organizational questions matter should be so referred. Accordingly no further meeting was arranged.

Sent Department, repeated Moscow as 63, London as 60, Sofia as 5, Bucharest as 10 and Rome as 13.

SCHOENFELD

740.0011 EW (Peace)/4-1447 : Telegram

The Representative in Rumania (Berry) to the Secretary of State

CONFIDENTIAL

BUCHAREST, April 14, 1947—noon.

306. Remytel 302 of April 12.¹ Soviet Ambassador has written me, "in the opinion of my government, the proposed preliminary discussion of the procedure by the chiefs of the diplomatic representations of our countries does not appear to be necessary, inasmuch as the coordinated actions of the heads of the diplomatic representations, provided for in the above mentioned article of the peace treaty with Rumania, are customary in the diplomatic practice and therefore do not require the establishment of any special procedure".

Holman and I believe it is pointless to pursue this matter further at this level at this time. If Soviet Ambassador receives no instructions to engage in preliminary talks before ratification of treaty, I shall reopen matter immediately following deposit of ratification by three powers.

BERRY

¹Telegram 285, April 5, from Bucharest, not printed, reported that British Political Representative Holman had addressed letters to the Soviet Ambassador in Rumania, Sergei Ivanovich Kavtaradze, and to Representative Berry suggesting that a meeting be held to discuss the establishment of machinery for the implementation of the Peace Treaty with Rumania (740.0011 EW (Peace)/4-547). Telegram 302, April 12, from Bucharest, not printed, reported that Ambassador Kavtaradze had rejected the British proposal (740.0011 EW (Peace)/4-1247).

740.0011 EW Peace/4-1847 : Telegram

The Representative in Bulgaria (Barnes) to the Secretary of State

SECRET URGENT

SOFIA, April 18, 1947—11 a. m.

248. My British colleague and I called yesterday afternoon on Russian Minister to discuss implementation and enforcement Bulgarian peace treaty (remytel 215, April 4¹). Kirsanov remained non-committal throughout most of discussion which lasted for hour and half. He was obviously seeking to draw out detailed views from us while generally maintaining position himself that as Ministers will doubtless rarely be called upon to act under Articles 35 and 36, there would seem to be no real need to set up much if any of an organization.

In general way, Sterndale Bennett canvassed most of points covered in Foreign Office note February 26 reported London's telegram 1363, February 28. I suggested we might each appoint two temporary deputies one on civilian or economic side and other on military side to make report to three of us as to what seemed feasible and necessary in way of organization. Kirsanov said he thought this was probably way to proceed should we decide some sort of formal organization might prove necessary, but that he was as yet unconvinced of this. We agreed to think matter over individually for several days and have another meeting before my departure for France and US on April 22 if in meantime anyone of three arrived at definite and detailed ideas to present. I personally remain of opinion expressed mytel's 23, January 2, [10] and 58 January 22.

Sent Dept, repeated London as 35, Moscow 35, Budapest 8, Bucharest 15.

BARNES

¹ Telegram 214, April 4, from Sofia, not printed, reported that Representative Barnes had addressed letters to British Representative Sterndale Bennett and to Soviet Minister Stepan Pavlovich Kirsanov suggesting a meeting to discuss the implementation of the Peace Treaty with Bulgaria. In telegram 215, April 4, from Sofia, not printed, Representative Barnes stated that he anticipated a lengthy series of delays and wrangling on the part of the Soviet authorities before the procedure to implement the treaty was settled (740.0011 EW (Peace)/4-447).

Editorial Note

In the course of a conversation with Acting Representative in Bulgaria John E. Horner, on May 10, Bulgarian Prime Minister Georgi Dimitrov commented upon problems likely to arise from the implementation of the economic articles of the Peace Treaty with Bulgaria. For a report on this conversation, see telegram 314, May 10, from Sofia, page 156.

870.00/6-2447 : Telegram

The Acting Representative in Bulgaria (Horner) to the Secretary of State

SECRET URGENT

SOFIA, June 24, 1947—1 p. m.

472. During period of armistice now ending pattern of political events has been remarkably similar in Bulgaria, Rumania and Hungary three former German satellite states. Recent Communist coup in Hungary¹ now given that country regime closely resembling those in Bulgaria and Rumania, namely one characterized by sham coalition government with Communists pulling the strings.

No particular insight required to predict that problems to be faced by US representatives in Sofia, Bucharest and Budapest in attempting enforce peace treaties will be largely identical. Nor would it be surprising if despite superficial differences tactics of three ex-satellites are not also of pattern. Each of these governments no doubt will make consistent efforts evade any of more onerous obligations devolving upon them under treaties.

Reviewing history of ACC in Bulgaria (and probably same can be said for ACCs in Hungary and Rumania) it seems clear that US representatives have been severely handicapped by lack of clear-cut guidance on major matters of policy. Thus these representatives have been constantly confronted with *faits accomplis* on part their Soviet colleagues and being always on defensive were forced pursue policy of improvisation.

One way to avoid some of pitfalls now evident from ACC experience would be to call conference to US ACC representatives in Hungary, Rumania and Bulgaria and Foreign Service personnel who will be concerned with treaty enforcement. General Robertson,² whose idea this is, suggests that with three ACC representatives should meet ministers-designate to three countries, present acting foreign representatives and high policy-making official of Department such as assistant secretary in charge European affairs or director of office of European affairs.

During discussion of several days it should be possible exchange views on common problems in realm of treaty enforcement. More important, it would afford opportunity for presenting to Department questions on which guidance and policy decisions will be urgently required. As indicated above beginning phases under peace treaties will be of transcendent importance and in consequence instructions of

¹ For documentation regarding the dissolution of the Nagy Government in Hungary, see pp. 260 ff.

² Maj. Gen. William M. Robertson, Chief of the United States Representation on the Allied Control Commission for Bulgaria.

Department on basic problems likely to be encountered may be considered essential if we are to make any pretense of enforcing these treaties.

As seen from this post main subjects which might advantageously be discussed at such conference would be :

1. Guarantees of human rights and freedoms as enumerated in Article II of treaty with Bulgaria. As mission has reported FF regime in Bulgaria by consecutively suppressing opposition press, arraigning leader of opposition Agrarians on subversive charges, expelling 23 outstanding opposition deputies from Sobranje and finally extensive and continued police measures against all not sympathetic to Communist ideology already has manifested its clear intention of flouting this essential provision of treaty. Consequently we are faced with decision as to our course of action upon entry into effect of treaty and such decision cannot be long delayed.³

2. Matter of carrying out military clauses of treaty is currently being discussed with British locally and will be made subject of separate telegram. It may confidently be anticipated that Bulgarians aided and abetted by Soviets will make every effort prevent these provisions from being implemented. Such obstruction may take form of refusal permit US and UK officers travel freely throughout country, supply to us of misleading or fabricated data and an over-generous interpretation of clauses which seem all too well to lend themselves to different interpretations.

3. Economic clauses of treaty also present multitude of problems. Despite assiduous efforts during space of more than 2 years US representatives on ACC Bulgaria has made little progress in bringing about restoration of US economic interests here. Here again there is little ground for anticipating sudden reversal of form.

In view all these things believe General Robertson's suggestion merits early and favorable consideration. If Dept concurs suggest that meeting be held in Vienna in early July.

Sent Department as 472; repeated Bucharest as 23; and Budapest as 15.

HORNER

³ For documentation regarding the efforts of the United States to establish and preserve democratic institutions in Bulgaria, see pp. 136 ff.

740.00119 Control (Bulgaria)/6-2747 : Telegram

The Acting Representative in Bulgaria (Horner) to the Secretary of State

SECRET

SOFIA, June 27, 1947—2 p. m.

479. Following is text of memorandum adopted following meeting held Sofia June 23 to consider question of enforcement of military clauses of peace treaty with Bulgaria. Participants were Sterndale

Bennett (UK political representative), Major General Oxley (UK representative ACC), General Robertson (US representative ACC), Colonel Green (UK MA designate), Colonel Yatsevitch (US MA designate) and myself. Text of memorandum is being telegraphed by Robertson to War Dept¹ and by British to UK FonOff and War Ministry. Dept's views and instructions re matter would be appreciated, while in view similarities of problems in three ex-satellites comments of missions Bucharest and Budapest would be useful:²

1. Meeting held June 23 between heads US and British military and political missions to discuss implementation military clauses peace treaty.

2. Agreement first reached on certain basic propositions.

(a) That Bulgarian Govt had no intention carrying out treaty in any important particular.

(b) That Bulgarian Prime Minister had made it abundantly clear that Bulgaria had no intention allowing heads of missions to function under Article 35 as control commission.

(c) That British and US representatives in Bulgaria, Hungary and Rumania cannot count on Soviet support in countering satellite policy of evasion.

(d) That British and US representatives in all three countries should have coordinated instructions for application in all three countries on certain questions of basic policy and interpretations and should know extent to which they will be supported by their govts in efforts secure effective treaty enforcement.

(e) That discussions on treaty implementation with Soviet representatives have hitherto centered around procedural questions with completely negative results; and that it would be major tactical error for Council of Ministers under Article 35 to start with discussions of procedure and organization.

(f) That US and British representatives should take offensive on certain questions of major policy and endeavor to keep initiative.

3. Immediately important point on which guidance from US and British Govts was required were held to be:³

¹ Telegram 250, July 9, to Sofia, not printed, repeated to Bucharest, Budapest, London, and Moscow, stated that the memorandum telegraphed to the War Department by General Robertson had been submitted by the War Department to the State-War-Navy Coordinating Committee with the recommendation that an *ad hoc* committee be appointed to consider the matter on a priority basis and to submit recommendations (740.00119 Control (Bulgaria)/6-2747). As submitted to the State-War-Navy Coordinating Committee, General Robertson's memorandum and the covering memorandum from the War Department were designated SWNCC 244/6, July 7. By informal action on July 17, the State-War-Navy Coordinating Committee approved the recommendation contained in SWNCC 244/6.

² The comments of the Legation in Budapest are contained in telegram 1211, July 19, from Budapest, p. 19. Telegram 607, July 11, from Bucharest, not printed, reported that the mission in Rumania was unable to offer any commentary (740.0011 (Peace)/7-1147).

³ Message R-700, July 9, from the United States Military Representation on the Allied Control Commission for Rumania to the War Department, not printed,

(a) Unlimited and individual freedom for US, British and Soviet diplomatic representatives together with such members of their staffs as they might designate to travel within country concerned including complete freedom access all military or other establishments and installations without prior notice of intention to visit or inspect. Without such freedom of movement effective enforcement impossible. If on other hand it is obtained it may also be useful indirectly in connection with question of Bulgarian Greek frontier.⁴

(b) Agreement on definition "armed forces" having regard to fact that in organs such as militia, frontier guards, labor battalions (*trudovaks*) and volunteer labor brigades some form of military instruction forms part of normal routine.

(c) Agreement on scale of equipment considered reasonable for maintenance authorized armed forces without risk creating skeleton armies capable rapid expansion by induction of manpower trained in official or non-official para-military organs.

4. It agreed to recommend that first stage in US and British tactics should be to ask for *ad hoc* meeting of Council of Ministers immediately after R-Day and to propose:

(a) Communication to Bulgarian Govt requiring latter to submit statement within fixed time showing present strength armed forces in personnel and material including complete order of battle together with plan showing manner in which Bulgarian Govt proposes to implement military clauses treaty.

(b) Demand for recognition by Bulgarian Govt of right unlimited travel as outlined in paragraph 3 (a) above.

5. Interval while statement and plan in paragraph 4 (a) above were being prepared could be utilized in discussions on questions raised in paragraph 3 (b) and (c) above and in working out questions of procedure preparatory to second stage which would be discussion and verification of Bulgarian statement and plan.

6. Demand for right of unlimited travel will undoubtedly meet with opposition from Russians on ground that security Russian troops involved during 90-day period. During this period it unlikely that effective inspections will be possible in 25-kilometer security zone along Greek-Turkish frontier. If necessary, we think we should accept Russian stipulation if made for notice of visits while Bulgaria remains area of Soviet high command, as this will strengthen our hand in demanding unlimited free movement after Russian withdrawal.

7. Meeting felt it important to have guidance from US Govt and His Majesty's Govt on degree of importance attached implementa-

commented upon General Robertson's recommendations. There was complete agreement with numbered paragraph 2, but with regard to paragraph 3, the message read in part as follows:

"Principles outlined in para three highly desirable but in our opinion impossible of accomplishment. We may even obtain agreement on points in question but satellite govt carrying out orders of their Soviet masters will never permit implementation." (740.00119 Control (Hungary)/7-947)

⁴For documentation regarding the interest of the United States in the Greek frontier problem, see volume v.

tion military clauses treaty; and it was unanimous view that effective treaty enforcement was possible only if there was coordinated US and British action in all three countries and if US and British representatives could count on full backing their govts on major points such as those listed in paragraphs 3 and 4 above.

Sent Department 479; repeated Bucharest as 26; Budapest 17; London 47; Moscow 42.

HORNER

740.0011 EW (Peace)/6-2447: Telegram

The Secretary of State to the Acting Representative in Bulgaria
(Horner)

SECRET

WASHINGTON, July 17, 1947—6 p. m.

264. Dept has given careful consideration suggestions contained urtel 472 Jun 24 and to general problem implementing Balkan peace treaties. Dept's Balkan Committee for several months has been drafting instructions to Sofia, Bucharest and Budapest concerning implementation of treaty articles and expects send out instructions in very near future. Where necessary or desirable Committee is attempting provide missions with following: (1) negotiating history of article setting forth positions taken by other powers in CFM meetings thus providing indications future positions such powers; (2) legal opinion re meaning, intent and scope of article; (3) US objectives re implementation of article; (4) possible and anticipated difficulties in implementation; and (5) practical suggestions re implementation with particular reference to specific cases with which missions will be confronted. (See Deptel 250 July 9 to Sofia re military articles.¹)

General conference recommended by Robertson would probably serve useful purpose, but does not appear practicable at present. Newly appointed chiefs of missions and officer personnel assigned to treaty work who proceed to posts from Washington will receive indoctrination re treaty work prior to departure.

Sent Sofia 264, rptd Bucharest 417, Budapest 747.

MARSHALL

¹ Not printed, but see footnote 1 to telegram 479, June 27, from Sofia, *supra*.

740.0011 EW (Peace)/7-1947 : Telegram

The Minister in Hungary (Chapin) to the Secretary of State

SECRET

BUDAPEST, July 19, 1947—2 p. m.

1211. With reference to Legtel 1174 July 11¹ there follows text of telegram prepared by British political mission giving résumé of comments agreed upon at meeting in regard to Sofia telegram 17 June 27:²

“Sofia telegram number (blank) was discussed at meeting with US Legation on July 11. US commissioner³ and American and British service attachés-designate were present.

2. We are in general agreement with our Sofia colleagues. But our problems are rather different if only because, on continued assumption of interval between entry into force of Hungarian and Austrian treaties, Hungary (like Rumania) will have Soviet lines of communication to troops.

3. Our general view is that:

(a) Whatever may be Hungarian Government's own desires its fulfillment of treaty will be governed by Russian wishes.

(b) Soviet Government will, as April discussions⁴ showed, try to defeat all efforts to make Ministers Council (Article 39 of treaty) an effective body.

(c) Advance discussion of procedure etc., would probably be barren and would be dangerous if, contrary to April indications, agreement were reached for Americans and we should be bound by it whereas Russians would merely use it to suit their purposes.

(d) It is most important that anything savouring of Soviet dominated Allied Control Commission should not be born of Articles 39 and 40. Rather is it better that Russians should have entire responsibility for their unilateral actions.

(e) We therefore favor not trying to make Russians to agree to formal constitution of Ministers Council and its dependencies but rather pursuing with Hungarian authorities our individual and common interests in consultation on an *ad hoc* basis, and when good case presents itself trying to see what can be done in consultation with Russians (reference my letter 97/29/47 of May 27 to Mr. Williams). This course also offers hope of better results.

4. We strongly agree with paragraph 2, subparagraphs *d* and *f* of Sofia telegram under reference. We think it essential we should not be left out on a limb after taking strong line on any individual question. In particular we should like guidance on problem of Soviet troops retained for maintenance of line communications with Austria. On ground of security of these troops, Russians may make all sorts

¹ Not printed; it made a preliminary report on the meeting of July 11 of British and American representatives in Hungary to discuss the proposals contained in telegram 479, June 27, from Sofia, p. 15 (740.0011 EW (Peace)/7-1147).

² Same as telegram 479, June 27, from Sofia, p. 15.

³ Brig. Gen. George H. Weems, United States Representative on the Allied Control Commission for Hungary.

⁴ The reference here is presumably to those meetings reported upon in part in telegram 593, April 10, from Budapest, p. 11.

of demands extending even to control of travellers entering and leaving Hungary. Such demands should, we think, be firmly resisted on basis that there is nothing to justify them in the treaty and that presence of these troops is a matter between Soviet and Hungarian authorities, and that we are concerned only with latter. In general we should, we think, avoid anything in our relations with our Soviet colleagues which would tend to recognize special position for them, vis-à-vis ourselves.

5. We do not see eye to eye with our Sofia colleagues about freedom of movement and access to factories, establishments etc., for inspection. We consider that from the outset we should regard this as our right and require it of the Hungarian authorities with whatever diplomatic identity documents may be necessary. We deprecate any suggestion of doubt on this point. We realize that when, on ratification day, we ask for such documents Hungary may, at Russian instigation or otherwise, try to limit their validity. We would recommend joining battle on this issue, and in the event of failure with Hungarians then to suggest *ad hoc* meeting with Russians on basis of Article 39. On other hand we realize that ninety day period referred to in paragraph 6 of Sofia telegram presents special problem which we suggest could be overcome by service attachés and others giving wide berth during that period to particular areas where Russian troops are known to be stationed.

6. Following are comments on less important points arising out of quoted paragraphs of Sofia telegram:

(a) Paragraph 3—subparagraph *b* hardly arises here because wording of Article 12 of treaty seems to give reasonably clear definition of “armed forces” authorized. We feel that guidance is particularly important as regards subparagraph *c*.

(b) Paragraph 4—we agree that at least formal effort be made immediately after ratification day to constitute Council of Ministers, and feel that subject of subparagraph *a* would be fitting for purpose. On other hand, for reasons already stated we strongly deprecate raising subject matter of subparagraph *b* until it has become a dispute between Hungarians and ourselves.

(c) Paragraph 5—on assumption that there will be closest Anglo-American consultation, and that Russians will not play anyhow, we see little point in this.

(d) Paragraph 7—we of course entirely agree.

7. This telegram has been drafted in consultation with service attachés-designate and US Legation. Latter is telegraphing similarly to Washington.” [British political mission.]

CHAPIN

SWNCC Files : 244 Series

*Note by the Secretaries of the State-War-Navy Coordinating Committee*¹

SECRET

[WASHINGTON,] 10 September 1947.

SWNCC 244/7

ENFORCEMENT OF MILITARY CLAUSES OF SATELLITE TREATIES

1. The enclosure, a report by an *ad hoc* Committee, is circulated for consideration by the Committee as a matter of urgency.

2. A copy of this paper has been forwarded to the Joint Chiefs of Staff for comment from a military point of view.² These comments will be circulated to the Committee upon receipt thereof from the Secretary, Joint Chiefs of Staff.

H. W. MOSELEY

W. A. SCHULGEN

V. L. LOWRANCE

Secretariat

[Enclosure]

Report by an Ad Hoc Committee of the State-War-Navy Coordinating Committee

SECRET

[WASHINGTON,] undated.

ENFORCEMENT OF MILITARY CLAUSES OF SATELLITE TREATIES

THE PROBLEM

1. To consider and recommend uniform guidance for the U.S. Heads of Mission to Bulgaria, Hungary and Rumania concerning their several responsibilities for the execution and interpretation of the military, naval and air clauses of the treaties of peace with those countries.

FACTS BEARING ON THE PROBLEM

2. See Appendix "A".

DISCUSSION

3. See Appendix "B".

CONCLUSIONS

4. It is probable that the governments of the former satellite countries will attempt to avoid some of the obligations imposed upon them by the terms of the military, naval and air clauses of the peace treaties.

¹ This paper was approved by the State-War-Navy Coordinating Committee by informal action on September 16.

² In a memorandum dated September 12, not printed, the Joint Chiefs of Staff informed the State-War-Navy Coordinating Committee that they could perceive no objection, from a military point of view, to such of the context of SWNCC 244/7 as was within their purview (SWNCC Files : 244 Series).

5. To cope with the possible situations which might arise, guidance should be provided along the following lines:

- a. Negotiating history of the subject clauses which might indicate future positions other powers might take;
- b. General U.S. opinion regarding the intent and scope;
- c. Anticipated or possible violations; and
- d. Practical suggestions concerning implementation in specific situations.

RECOMMENDATIONS

6. That the attached policy paper be referred to the JCS for comment from a military point of view.

7. That subject to favorable comment by the JCS and after approval by SWNCC, the attached policy papers be forwarded to the State Department for integration with such other guidance for the U.S. Heads of Mission in Bulgaria, Hungary and Rumania as may have been prepared.

8. That the State Department be requested (draft memorandum attached³) to furnish the three U.S. Heads of Mission complete copies of the various SWNCC papers and CFM documentation referred to in paragraph 4, Appendix "A", in addition to Annexes "A", "B" and "C" of Appendix "C" attached hereto.

Appendix "A"

FACTS BEARING ON THE PROBLEM

1. The final clauses in Part VIII of the three satellite treaties provide that the Heads of the Diplomatic Missions of the Soviet Union, the United Kingdom and the U.S. acting in concert will represent the Allied and Associated Powers in dealing with the Governments of Bulgaria, Hungary and Rumania in all matters concerning the execution and interpretation of the peace treaties with each of these countries. The Heads of Mission are charged with the responsibility for providing each of the satellite governments with such guidance, technical advice and clarification as may be necessary to insure the rapid and efficient execution of the several peace treaties both in letter and in spirit.

2. These same clauses also provide that the governments of each of these satellite countries shall afford the said Three Heads of Mission in each country all necessary information and any assistance which they may require in the fulfillment of the task devolving on them under the several treaties.

³ The draft memorandum to the Secretary of State, which was circulated as Appendix "C" to this Report, is not printed. For the memorandum as actually sent to the Secretary of State on September 16, see p. 28.

740.0011 EW (Peace)/9-2047 : Telegram

The Acting Representative in Rumania (Melbourne) to the Secretary of State

SECRET

BUCHAREST, September 20, 1947—noon.

851. In past 10 days Leverich¹ and myself have had series of conversations with qualified observers of every political complexion to learn their views upon future possibilities for Rumania through implementation of peace treaty. In general there are two broadly differing positions represented by govt and public. Govt plan is de-emphasis of treaty in order not to hearten country to expect relief from over-all Soviet directed pressure. Conspicuously championed by Communists, this view would ignore treaty to limit that western powers permit or can be bullied into accepting. In contrast is opinion held by great bulk of nation. Namely, that treaty execution must be given publicity and start with article 3 granting popular liberties.

Apologist for govt position is Foreign Minister Tatarescu with whom I had interview after he had spent week-end with Soviet Ambassador Kavtaradze discussing treaty procedures. Tatarescu claimed Rumania's interests require that it remain absolutely quiet and respond to cue of Soviets, while he also sought to paint future of peace treaty application as not unsatisfactory to western interests. However, he made refreshingly frank admission that if their colleagues deviate from Soviet policy there would be "strong likelihood they would find themselves in Lake Baikal region of Russia".

All sources, except Communist mouthpieces, pointed out necessity of giving fullest publicity to first formal meeting under treaty of three chiefs of mission and to resultant communiqué. Each also emphasized complete injustice of existing regime's suppression of popular freedoms and counselled public's hope was that treaty commission by second meeting could begin in modest way to seek removal of such restrictions as censorship and grant press freedom as indispensable step towards execution of all-important article 3.

Almost every observer expressed opinion treaty executors had right to inquire into mass opposition arrests, like that of Maniu group,² as flagrant violations of article 3. Regularly informants declared because of great moral question involved in projected Maniu trial Americans and British should take definite stand under treaty procedure permitting question to be carried to UN.

Common reaction despite buffeting populace has received from Communists is that treaty has certain possibilities to foster demo-

¹ Henry P. Leverich, Counselor of Legation.

² For documentation relative to the arrest of Juliu Maniu, President of the Rumanian National Peasant Party, see pp. 493-510.

cratic political and moral climate in Rumania. Despite pessimism of royal advisers (see Mistel 841, September 17³) public considers it won victory by still retaining King when treaty came into effect. It likewise believes Americans with judicious use of supports available in treaty can have restraining influence upon Communist-bent course and keep alive vital spark of national morale. Several informants asserted Russians by actions have shown certain fear of peace treaties by delaying ratifications until last possible moment and locally by trying to organize program of *fait accompli* legislation before treaty is implemented. Hope today is life of Rumanian nation and informants believe American participation in treaty can be guided to nurture that hope into growing substance of reality.

MELBOURNE

³ Not printed.

740.0011 EW (Peace) /9-1747 : Telegram

The Acting Secretary of State to the Legation in Hungary

SECRET URGENT

WASHINGTON, October 7, 1947—5 p. m.

1048. Brit Minister in Budapest has suggested to FonOff that our proposed formal request to Govt for military info under treaty (Deptel 1037 Oct 2 rptd to Bucharest as 601, Sofia as 416, London as 4255, Moscow as 1803 and Rome as 1931¹) will undoubtedly be referred to Sovs thus leading to delays and evasions and moreover if pressed by us could result in the narrow and restricted interpretation of final clauses we seek to avoid. Helm also thinks more info re implementation treaty better obtainable at this stage through informal contacts. We feel that for treaty purposes value of unofficial info doubtful. Moreover official request serves notice we mean to see treaty implemented effectively.

FonOff has suggested we use Bulgaria as test case while postponing our action in Hungary and Rumania for month or so. Please comment.

(Sent Budapest, Bucharest, and Sofia, rptd to London, Moscow and Rome.)²

LOVETT

¹ Not printed, but see footnote 2, p. 30.

² Sent to Sofia as 416, to Bucharest as 605; repeated to London as 4319, to Moscow as 1817, and to Rome as 1975.

740.0011 EW Peace/10-947 : Telegram

The Chargé in Bulgaria (Horner) to the Secretary of State

SECRET

SOFIA, October 9, 1947—10 a. m.

904. Following is text Legation note number 9 to Bulgarian Foreign Office dated October 7, 1947:¹

[“]Legation of United States of America presents its compliments to Bulgarian Minister Foreign Affairs and with reference part 3 section 1 articles 9 to 18 inclusive of peace treaty between Allied and Associated Powers and Bulgaria signed Paris February 10, 1947 has honor request following information pertaining to armed forces of Bulgaria including military, naval and air forces be furnished Legation with view to insuring proper implementation of peace treaty:

1. The basic structure and regional organization of present armed forces of Bulgaria including frontier troops, national militia, *trudovaks* and other organizations which may receive any form military training.

2. The present corps inspectorates, corps headquarters and home stations divisions.

3. Organization and composition of army high command and general staff including inspectorates and services of high command.

4. Strengths, designated organizations, establishment armament and equipment of present armed forces Bulgaria. These shall include military schools, training establishments, frontier troops, national militia and *trudovaks*.

5. Present station and location each unit of armed forces of Bulgaria of strength larger than platoon of infantry.

6. Names and locations of industries engaged in or capable of manufacture war material.

7. Complete list of quantities war material located in Bulgaria including those of Allied, German or Japanese origin or design (for definition of war material see annex III of peace treaty).

8. Plans of Bulgarian Government for implementation of military, naval and air clauses of treaty. These should include: (a) proposed tables of organization, armament and equipment; (b) what specific progressive action will be taken by Bulgarian Government to comply with article 10 section 1 part 3 of peace treaty requiring that personnel of Bulgarian Army, Navy and Air Force in excess of respective strength permitted under article 9 of peace

¹ Telegram 903, October 8, from Sofia, not printed, replied to telegram 416, October 7, to Sofia, *supra*, by reporting the delivery of the note printed here to the Bulgarian Foreign Office which the Legation had sent in accordance with the instructions contained in telegram 410, October 2, to Sofia (see footnote 2, p. 30). Telegram 903 added the following comment:

“See no objections to British Foreign Office suggestion that Bulgaria be used as test case while postponing action Hungary [and] Rumania for time being. As yet my British colleague here has received no instructions respecting military clauses but it would obviously be desirable that he take supporting action.” (740.0011 EW (Peace)/10-847)

treaty shall be disbanded within 6 months from coming into force of present treaty and (c) proposed locations of units of Bulgarian armed forces at expiration of 6 months from September 15, 1947.

As terms of peace treaty provide that maintenance of land, sea and air armaments and fortifications is to be closely restricted to meeting tasks of internal character and local defense of frontier, the organization, training and equipment of those armed forces authorized for Bulgarian Government in accordance with part 3 section 1 article 9 peace treaty are not to be designed for offensive operations but rather must be planned for dual purpose of maintaining internal order and support of civil police and to defend frontiers against local incursions. All organizations not included in tables of organization must not be so organized or equipped that being capable of assuming military operations, they can readily be absorbed in armed forces. As presently organized and equipped national militia of Bulgaria and *trudovaks* must be classified as military organizations. These must either be included in strength of armed forces or be reorganized on nonmilitary basis. Information as to which of these alternatives Bulgarian Government proposes adopt be indicated.

Legation of US of America is furnishing copies of present note to Legations in Sofia of Soviet Union and UK.

It is assumed that Bulgarian Government likewise will make available to these Legations full information on points set forth above.

Legation of US of ["] (complimentary close).

HORNER

740.0011 EW (Peace)/10-1647: Telegram

The Minister in Hungary (Chapin) to the Secretary of State

SECRET

BUDAPEST, October 16, 1947—3 p. m.

1690. In conference with Helm and members British Legation (mytel 1676, October 13¹) it became apparent that British Legation approach to problem of treaty implementation fundamentally different from that of Department contained Deptels 990, September 17 and 1048, October 7.

Chief difference lies in British Legation view that task of Legation treaty officers is not so much "enforcement" as "observation" upon basis of which protests could be made if terms of treaty were violated or not carried out. Helm suggests that from theoretical point of view it is possible to "enforce" an armistice, whereas through very act of exchange of ratifications of a treaty, victorious powers surrender their right of intervention through recognition of sovereignty and hence must limit themselves for implementation to normal procedures governing differences between states unless specifically provided otherwise

¹ Not printed.

in treaty. He points out that aside from this legalistic and theoretical interpretation of duties of treaty implementation officials, we are faced with very real practical difficulty in having no means of pressure or "force" at our disposal with which to impose "enforcement" in event Hungarian infringement backed by Soviets.

As alternative Helm believes basic objective of fullest possible treaty implementation of military clauses can be achieved through careful observation my Military and Air Attachés who in normal course would ask Hungarian General Staff for relevant data. He pointed out that should Hungarians violate treaty they certainly would not supply confirmation of it in formal reply to our demand. He opposes formal request outlined Deptel 1037, October 2,² especially since information already available to our military so that demand would be merely formal gesture resulting in no addition to our available facts and might possibly lead to Hungarian refusal to reply until data requested on tripartite basis. He suggests that formal approach could be useful if held in reserve and that Hungarians be given time to accustom selves to newly acquired sovereignty and from necessity of referring everything to Soviets for approval.

As final point Helm suggested that we might be reluctant to have Soviets embark on program of demanding information of Italy without our concurrence. I agree with Helm that on practical grounds approach to task of treaty implementation³ as one of enforcement does not appear profitable in long run and believe formal representations should be reserved for violation cases. While I agree with Department that official information is of indefinitely more value than unofficial, I join Helm in doubt that Hungarians will provide documentation of their own violations.

There is of course no question of withholding requests for information reference procedure for presentation of war claims or for copies of Vienna award et cetera which requests of entirely different nature. Fortunately since action in Hungary presumably is to await outcome of initiative already taken in Sofia, there appears to be no compelling necessity to submit official request immediately to Hungarian Government. However, since the views expressed by Helm differ on both theoretical and practical grounds so materially from those which I understand are the Department's, as expressed in SWNCC 244/7,⁴ I request further instructions.

² Not printed, but see footnote 2, p. 30.

³ Materials on the implementation of the Italian Peace Treaty are included in the documentation on Italy presented in volume III.

⁴ Dated September 10, p. 21.

Sent Department, repeated London 163, Rome 149, Moscow 141 and for possible comments to Bucharest 52, Sofia 29.

CHAPIN

740.0011 EW (Peace)/10-2547

The British Embassy to the Department of State

SECRET

Ref. 501/ /47

AIDE-MÉMOIRE

IMPLEMENTATION OF PEACE TREATIES WITH BULGARIA, ROUMANIA AND HUNGARY

His Majesty's Embassy have been asked by the Foreign Office to seek an exchange of views with the State Department on the subject of the tactics to be pursued for trying to secure the implementation of the Peace Treaties with Bulgaria, Roumania and Hungary. The Foreign Office consider that it is difficult to formulate any general principle except that the United States and British Governments should consult together before sending instructions on this subject to their representatives abroad. This is desirable in order to avoid any conflict in the actions of the two Governments. Such consultation should also be supplemented by consultation, as is already taking place satisfactorily, between the representatives of the two countries in the various Capitals concerned.

2. The Foreign Office consider that as circumstances in each country may well differ it may be desirable to pursue different tactics in each and there may even, in some instances, be advantage in United States and British ministers taking different action provided there is prior agreement. They would, therefore, favour a flexible approach in which the objectives of the two countries would naturally be agreed but their methods might differ; and in which the United States Government might take the lead in regard to some articles of the Treaty and the British Government in regard to others.

3. Against this general background, the Foreign Office wish to explain to the State Department their ideas on the following detailed proposals:

(a) In Bulgaria the Foreign Office would leave it to Mr. Sterndale Bennett to decide after discussion with Mr. Heath¹ on arrival what tactics to pursue subsequent to the note which the former addressed to the Bulgarian Government on October 22nd, relative to the note delivered by the United States Chargé d'Affaires to the Bulgarian Minis-

¹ Donald R. Heath, Minister-designate to Bulgaria, stopped in London for consultation with British officials before proceeding to his post in Sofia.

try for Foreign Affairs on October 7th.² This was discussed by the Foreign Office with Mr. Heath recently.³

(b) The Greek Frontier situation makes military information about Bulgaria (especially as regards troop movements so near the frontier) very important. In this connection it is perhaps worth mentioning that the Bulgarian press have recently given great prominence to rumours of attacks by Greek troops across the Bulgarian Frontier. The Foreign Office have told Mr. Heath that they would prefer to await joint recommendations by himself and Mr. Sterndale Bennett on the subject of military information about Bulgaria in the light of the situation as seen on the spot. The Foreign Office say that it is difficult for them to estimate how far it would be advisable to try to visit the Greek Frontier area before the end of the 90 days grace allowed to the Soviet Army and how far the two Legations may be able to get fairly reliable information of the situation in that area without visits. It might be desirable, the Foreign Office suggest, to try out the ground by sending one party to see how near the Frontier area they could get, with instructions to avoid an incident. The matter seems essentially to be one in which a detailed scheme, carefully worked out locally, is required for consideration in Washington and London.

(c) In Roumania, the British Representative has suggested that it might be better to travel about the country without asking the Roumanian Government for military information, but that it would pay to write in about naval affairs. The Foreign Office are prepared to accept these views. If the State Department and the United States Representative in Bucharest agree, it is suggested that Mr. Holman might take the lead in writing to the Roumanian Government on the naval subject. The Foreign Office consider that the Service Attachés should travel everywhere in Roumania except in those parts of the Dobruja which are likely to raise special difficulties.

(d) Both United States and British Representatives in Hungary are agreed that informal activity will pay best as regards implementation of the military clauses of the Treaty and that no written communication should be addressed to the Hungarian Government by either country. The Foreign Office assume that the State Department will agree that this is the right course. As regards travel by Service Attachés, they consider that these should go everywhere they can in the country.

(e) It seems clear to the Foreign Office that both the United States and the United Kingdom Governments are in agreement on the unwisdom of calling into being the Committee of the three Heads of Missions in any of the three countries before it is necessary to bring some specific dispute to the arbitration stage. The Foreign Office at-

² For the text of the American Legation note under reference, see telegram 904, October 9, from Sofia, p. 33.

³ Telegram 5579, October 17, from London, not printed, reported on Minister-designate Heath's discussions with British Foreign Office officials. The British Foreign Office was disinclined immediately to follow the American lead in formally requesting the Bulgarian Government to furnish complete information about its armed forces. The British Foreign Office position was to be firm in insisting on Bulgarian compliance with the Peace Treaty but to avoid sending too many notes and provoking unsatisfactory and interminable correspondence (740.0011 EW (Peace)/10-1747).

tach importance to the need to keep in mind the effects which action in one country may have in the other two. Their preliminary view, which has already been communicated to the United States Embassy in London in answer to an enquiry, is that recourse to the Committee of the three Heads of Missions and the arbitration machinery of the Treaties is most likely to give practical results in cases where there is hope of a specific award on a concrete issue such as oil interests in Roumania or Bulgarian reparations to Greece. It might be difficult even for the Bulgarian or Roumanian Governments to refuse to pay specific sums of money if awarded against them in this way. Arbitration machinery might also be of some use in such questions as the right to inspect fortifications or send observers to trials, which depend on a disputable interpretation of Article 37 (3) of the Roumanian Treaty and the corresponding Articles of the other Treaties. The Foreign Office think it might stultify this machinery from the outset if an attempt were made to use it first to obtain a conviction of one of the three governments for a breach of the human rights clause, which it would be difficult, if not impossible, to force the government in question to rectify, seeing that totalitarian rule is by its very nature founded on the denial of these rights. But circumstances, of course, might arise in which it was felt necessary to take a specific and particularly monstrous case to the Committee of Three and arbitration machinery in spite of the risks referred to in the preceding sentence.

An attempt has been made in the above paragraphs to indicate the general views of the Foreign Office. His Majesty's Embassy will be glad to learn how far the State Department agree and what modifications and additions they would suggest. Once these are obtained, the Foreign Office would like to put the agreed considerations to the United States and British Representatives in the three countries and ask each pair of them to work out together within this framework details of co-ordinated (but not necessarily identical) action in the light of the local situation. This should then be referred back to the State Department and the Foreign Office. The Foreign Office see advantage, as has been mentioned above, in a flexible approach which will allow considerable local discretion.

WASHINGTON, 25 October, 1947.

740.0011 EW (Peace) / 10-2547

Memorandum by the Chief of the Division of Southern European Affairs (Barbour) to the Deputy Director of the Office of European Affairs (Reber)

[WASHINGTON,] October 28, 1947.

Subject: British request for Department's views concerning various aspects of the implementation of the peace treaties with Bulgaria, Rumania and Hungary

3. At the request of the State Department, the War Department has designated representatives to serve in a military advisory capacity to the U.S. Heads of Mission in the supervision of the implementation of the military clauses.

4. Background information regarding the peace treaties for Bulgaria, Hungary and Rumania is as follows:

a. The actual treaties of peace with each of these countries (available in the four language editions of each of the treaties as published by the Council of Foreign Ministers and in the compiled English versions of the treaties of peace with Italy, Bulgaria, Hungary, Rumania and Finland).

b. The papers of the Council of Foreign Ministers recording the agreed record of proceedings of the meetings of the Council of Foreign Ministers and of the Deputies in the consideration and preparation of the peace treaties.⁴

c. The SWNCC 244 series papers⁵ containing the U.S. draft military, naval and air clauses which were incorporated in the U.S. draft treaties for each of the three countries which in the case of the Balkan states was utilized by the U.S. Delegation, CFM, as the U.S. position papers and the basis of U.S. views.

Appendix "B"

DISCUSSION

1. To insure a uniform position on the part of the U.S. in the interpretation of the military, naval and air clauses of the Treaties of Peace with Bulgaria, Hungary and Rumania, it is necessary that the U.S. Heads of Mission to these countries have a common understanding concerning the policies, definitions and interpretations to be applied to these clauses.

2. The possibility, if not outright probability, of inadequate treaty compliance, from the U.S. point of view, by each of the former satellite states is indicated by past experience in the ACC's and by the present attitude and conduct of the governments of each of the countries. Inadequate treaty compliance will require that the U.S. Head of Mission concerned bring such matter to the attention of the Heads of Mission of the Soviet Union and of the United Kingdom for consideration in concert. In the event of failure to achieve satisfactory action through this procedure the matter should be fully reported to the State Department for governmental action.

⁴ The agreed record of decisions of the meetings of the Council of Foreign Ministers at Paris (April 25–May 15 and June 15–July 12, 1946) and at New York (November 4–December 12, 1946) are included in the documentation regarding these meetings printed in *Foreign Relations*, 1946, vols. II and III. This documentation also includes some of the records of decisions of the meetings of the Deputies of the Foreign Ministers.

⁵ None of the previous papers in this SWNCC series has been printed.

3. In view of the imminence of deposit of ratifications of the peace treaties by the Big Four it appears practicable to now define the policies, definitions and interpretations to be applied to the military, naval and air clauses of the several treaties. It is also considered desirable that coordination of U.S. and British action be effected in the implementation of the terms of the several peace treaties. In addition, it appears that the various matters that might be encountered in the future will require consideration, as they arise, in light of circumstances existing at the time and in light of such agreements, partial or complete, which may be reached by the Three Heads of Mission.

4. However, it is considered that the U.S. representatives should assume an offensive rather than a defensive position in the supervision of treaty execution in order to prevent being faced with a "fait accompli" resulting from arbitrary action by the Soviets.

5. To this end, then, it appears that guidance provided U.S. representatives should include the following:

- a.* Negotiating history of the subject clauses setting forth the positions taken by other powers in CFM meetings thus providing indications of the future positions these powers might take;
- b.* General U.S. opinion regarding the meaning, intent and scope;
- c.* Possible and anticipated difficulties in implementation; and
- d.* Practical suggestions concerning implementation with particular reference to specific cases with which the missions will be confronted.

6. Concerning rights of travel and inspection, upon the coming into force of the treaties, the respective governments will have legally accepted the obligations imposed by the treaty. It is therefore considered that the U.S. representatives should proceed on the assumption that they have all rights and privileges expressed in the treaty and should assume equal parity with the Soviets. It is not considered advisable to raise the question of freedom of travel until necessitated by Soviet or satellite governmental restrictive action.

7. With regard to U.S. relations with each of the former satellite states, it is not considered that the Three Heads of Mission, acting as a body, should in any manner assume the functions normally performed through diplomatic intercourse.

Annex "A" to Appendix "C"⁶U.S. POLICY REGARDING THE SUPERVISION OF THE IMPLEMENTATION OF THE MILITARY, NAVAL, AND AIR CLAUSES OF THE TREATY OF PEACE WITH BULGARIA⁷

1. Because of the imminence of deposit of ratifications of the satellite peace treaties by the Allies, it is now considered practicable to define the policies and interpretations to be applied to the military, naval and air clauses of the several treaties. It is considered that the complete unanimity between the U.S. and British which has existed in the preparation of this guidance, should exist during the implementation of the treaty. This guidance should be generally applicable concerning your responsibility in the supervision of the military, air and naval clauses of the treaty of peace with Bulgaria. The proper implementation of the military, naval and air clauses of these satellite treaties is considered of the highest importance in the attainment of U.S. objectives within the countries concerned.

Background

2. Background information concerning the basic U.S. positions with regard to the military, naval and air clauses and the negotiating history, which might indicate to you the position the representatives of the other Powers might take, are contained in the SWNCC 244 series papers and in documentation recording the agreed record of proceedings of the meetings of the Council of Foreign Ministers and of their Deputies during consideration and preparation of the peace treaties. Copies of these papers are being forwarded to you by the State Department.

U.S. Interpretation

3. Concerning U.S. interpretation of the military, naval and air clauses, the over-all interest of the U.S. is to permit the former satellite states sufficient armed forces to maintain internal order and to defend their frontiers while, at the same time, preventing them from assuming an aggressive character or from attaining proportions such that alone they would present a threat to peaceful states, or in alliance with other states their military strength could measurably contribute to a war of aggression.

4. Within the framework outlined in paragraph 3 above it is considered that the majority of the military, naval and air clauses are

⁶ Appendix "C" consisted of the draft memorandum to the Secretary of State referred to in footnote 3, p. 22.

⁷ Annexes "B" and "C", U.S. Policy Regarding the Supervision of the Implementation of the Military, Naval, and Air Clauses of the Treaties of Peace with Rumania and Hungary, respectively, are identical with this statement, *mutatis mutandis*, except for the differences indicated in the following footnotes.

self-explanatory and need no amplification. However, the following amplification of the general clauses, applicable to all three treaties, should, in view of the fact that violations concerning them are most probable, be considered as the U.S. position, subject to such modification as may be required by future changes in the situation.

5. Part III, Section I, Art. 9—Bulgarian Treaty.

The military establishment permitted under this article should consist of the forces enumerated with strengths as specified. The organization, training and equipment of these forces should not be designed for offensive operations but rather must be planned for the dual purpose of maintaining internal order in support of the civil police and to defend the frontiers against local incursions. All organizations not included in the tables of organization must not be so organized, trained or equipped that being capable of assuming military operations, they can readily be absorbed in the armed forces.

6. Part III, Section I, Art. 14—Bulgarian Treaty.

The quantities of war materials, as defined in the treaty, which should be permitted should not exceed those authorized in approved tables of equipment plus a certain percentage reserve for replacement. Facilities with a capacity for the manufacture and maintenance of German designed war materials, or of other war materials in excess of that above which cannot be technically converted to civilian use, must be disposed of.

7. Part III, Section I, Article 15—Bulgarian Treaty

Under this Article war material presently available of either Allied or German origin or design may be retained to the extent it is required to initially equip the permitted armed forces as in paragraphs 5 and 6 above. All war material in excess of these requirements should be disposed of as specified in the several treaties.

Possible Difficulties in Implementation

8. The greatest difficulty to effective supervision of treaty execution will probably be encountered through lack of cooperation engineered by the Soviets on the part of the Governments of the former satellite states, and attempted restrictions of the travel and inspection of the non-Soviet representatives. The fact that Soviet troops will probably be present, at least for 90 days after the coming into force of the treaties, will cause further complications.⁸

9. Specific attempts to evade the obligations imposed by the military, naval and air clauses might include action to organize, train and

⁸ In Annexes "B" and "C" (Policy Regarding Rumania and Hungary) the final sentence in this numbered paragraph 8 read as follows: "The fact that Soviet line of communication troops will probably be present indefinitely after the coming into force of the treaty, will cause further complications."

equip groups not included in the strength calculations of the armed forces in such a manner that they can readily augment the armed forces.

Specific Guidance

10. Upon the coming into force of the several treaties, the U.S. Head of Mission should assume a positive rather than a defensive attitude toward his responsibilities for verifying treaty execution of the military clauses. In this respect, since the Bulgarian Government will have legally accepted the various obligations imposed by the treaty terms, the U.S. representative should proceed on the assumption he may exercise all rights and privileges conferred by the treaty. It is not considered desirable that the question of freedom of travel should be raised until restrictive action is taken by the Soviets or by the Government of Bulgaria. During the 90 day transition period, however, travel in the vicinity of Soviet troop areas should not be undertaken, in order to avoid setting a precedent for the necessity of obtaining travel permits.

U.S. representatives should assume that they may travel freely elsewhere. In respect to the Greco-Bulgarian frontier, in which area the U.S. has right to inspect Bulgarian fulfillment of Article 12, the Bulgarian Government need only be informed of U.S. intentions since it is desirable for this purpose to assume that there are no Soviet troops in this area. Specific instructions for carrying out the inspection of this area will be issued whenever such action appears appropriate.⁹

11. Upon the coming into force of the treaty, the Government of Bulgaria should be requested by the U.S. Head of Mission to submit to him for his information and approval:

- a. The present strengths, location and composition of the armed forces.
- b. The plans for implementing the treaty articles to include proposed tables of organization and equipment.

At the discretion of the U.S. Head of Mission copies of these requests may be dispatched to his British and Soviet colleagues.

⁹ In Annexes "B" and "C" (Policy Regarding Rumania and Hungary) this two-paragraph numbered section 10 was replaced by the following single paragraph:

"10. Upon the coming into force of the treaty, the U.S. Head of Mission should assume a positive rather than a defensive attitude toward his responsibilities for verifying treaty execution of the military clauses. He should request that at the end of the withdrawal period of ninety days he be informed immediately by his Soviet colleague of the number and locations of all Soviet Line of Communication troops remaining in the country. During the 90 day transition period requests for travel in the vicinity of Soviet troop areas should not be pressed as such action may jeopardize the possibility of later travel. However, U.S. representatives should assume that they may travel freely elsewhere."

12. Organizations such as the national militia in Bulgaria should,¹⁰ if its present military character is unchanged, be classified as a military organization and either required to be included in the strengths of the armed forces or reorganized on a nonmilitary basis, information of which should be included in *a* above.

13. It is the U.S. Government's interpretation that the U.S. Head of Mission shall be entitled to receive through normal diplomatic channels any and all information necessary for him to execute his duties under the terms of the treaty, and that consequently he should not be required to concert with his colleagues in this connection.¹¹

14. Normal procedure upon receiving evidence of inadequate treaty compliance should be to bring the matter to the attention of the other Heads of Mission concerned for consideration. Failure to achieve satisfactory action by this procedure the matter should be referred to the State Department, Washington, for instructions. In the interests of uniform action in all three ex-satellite countries maximum coordination should be maintained between the various U.S. missions and between these missions and the State Department.

¹⁰ In Annex "B" (Policy Regarding Rumania) this numbered paragraph 12 began as follows: "12. Organizations such as the *Gendarmerie* and the Firemens Corps in Rumania should, ..." In Annex "C" (Policy Regarding Hungary) this numbered paragraph began as follows: "12. Any paramilitary organizations, such as the *Gendarmerie* and the Firemens Corps in Rumania [*Hungary*], should, ..."

¹¹ In Annex "B" (Policy Regarding Rumania) this numbered paragraph read as follows:

"13. It is the U.S. Government's interpretation that the U.S. Head of Mission and his deputies shall be entitled to receive through normal diplomatic channels any and all information necessary for him to execute his duties under the terms of the treaty and that it is not necessary to request such information in concert with his colleagues."

In Annex "C" (Policy Regarding Hungary) this numbered paragraph read as follows:

"13. With regard to the U.S. Government's relations with the Government of Hungary, it is the U.S. Government's interpretation that the U.S. Head of Mission shall be entitled to receive through normal diplomatic channels any and all information necessary for him to execute his duties under the terms of the treaty."

740.0011 E.W. (Peace)/9-1647

*Memorandum by the State-War-Navy Coordinating Committee to the
Secretary of State*

SECRET

WASHINGTON, 16 September 1947.

Subject: Enforcement of Military Clauses of Satellite Treaties.

Reference: SWNCC 244/7

It is requested that each of the U. S. Heads of Mission in Bulgaria, Hungary and Rumania be furnished with each of the following listed

documents for use as guidance in the implementation of the Military Clauses of the Satellite Treaties of Peace:

a. The actual treaties of peace with each of the countries concerned as published by the Council of Foreign Ministers (English version);

b. The papers of the Council of Foreign Ministers recording the agreed record of proceedings of the meetings of the Council of Foreign Ministers and of the Deputies in the consideration and preparation of the peace treaties;

c. The SWNCC 244 series papers containing the U.S. draft military, naval and air clauses which were incorporated in the U.S. draft treaties for each of the three countries which in the case of the Balkan states was utilized by the U.S. Delegation, CFM, as the U.S. position papers and the basis of U.S. views; (Copies of these papers have been furnished direct to the Division for Southern European Affairs)

d. Annexes "A", "B", and "C" to Appendix "C", SWNCC 244/7. (Copies of these papers have been furnished direct to the Division for Southern European Affairs.)

The attached copy of SWNCC 244/7 is forwarded to the Department of State for integration with such other guidance for the U.S. Heads of Mission in Bulgaria, Hungary and Rumania as may have been prepared.

For the State-War-Navy Coordinating Committee:

CHARLES E. SALTZMAN
Chairman

740.0011 EW (Peace)/9-1747 : Telegram

The Acting Secretary of State to the Legation in Hungary

SECRET

WASHINGTON, September 17, 1947—3 p. m.

990. Following is guidance for exercise duties devolving on Heads of Mission in peace treaty.

1. In general you should take firm positive attitude towards these responsibilities. It is assumed ex-satellite Govts will attempt to avoid their obligations to western countries and will be aided and abetted in this by Soviets. Since Sovs will control key governmental ministries we anticipate serious difficulties in dealing satisfactorily with Govt directly. On other hand experience gained in previous dealings with Sovs on tricornered basis has demonstrated procedural pitfalls and frustration which would result in setting up formal tripartite council. You should therefore in initial stages avoid seeking concert in your approach to Govt on treaty matters, particularly in regard to obtaining info. You should interpret third para of first article of Part VIII to give you firm right to receive all info necessary to fulfill your duties under treaty through ordinary dipl channels.

2. Question of freedom of movement should not be raised with Govt or Sovs as US Reps should assume right to travel freely within country, except in Sov troop areas during 90-day evacuation period. Travel in latter areas should be avoided since we do not wish to establish precedent of having to ask for travel permits. When restrictive action by Sovs or Govt forces issue, report to Dept for instructions.

3. Part II of treaty. You will be instructed separately what action US will take re specified implementation political clauses, particularly violation of human rights article.¹

4. Part III and IV. Instructions on military clauses being transmitted separately by cable and airmail.²

5. Part V, VI and VII. Tentative implementation guidance for economic clauses being airmailed. Pending receipt final guidance,³ Mission should advance treaty work by collection of all relevant data on US claims and violations property restoration and general economic relations articles.

6. When info at your disposal indicates a treaty violation report to Dept for instructions.

Sent Budapest, rptd Sofia, Bucharest, Moscow; and London for FonOff.⁴

LOVETT

¹ For documentation on the action of the United States in protesting to the Rumanian Government the violation of political and civil liberties in Rumania, see pp. 471-513 *passim*.

² Telegram 1037, October 2, to Budapest, repeated to Sofia as 410, to Bucharest as 601, to Moscow as 1803, and to London as 4255, not printed, stated that the State-War-Navy Coordinating Committee and the Joint Chiefs of Staff had approved the instructions relative to the military clauses of the peace treaties, as well as the general background documents on the treaty negotiations which were being sent to the various posts by airmail. The telegram added the following instructions:

"As indicated therein, in order to establish basis gauge compliance treaty, Govt should now be requested to inform you (a) present strengths, location and composition of country's armed forces and (b) plans for implementing treaty articles which should include proposed Table of Organization and Equipment." (740.0011 EW (Peace)/9-1747)

³ Draft instructions for reporting on and ensuring the execution of the economic clauses of the Peace Treaties with Hungary, Rumania, and Bulgaria, as prepared by the Balkan Committee of the Department of State, were transmitted to the Legation in Budapest and the Missions in Bucharest and Sofia by air mail during September. After these draft statements had been commented upon by the posts, they were revised, placed in final form and sent as instructions 55 to Budapest, 18 to Bucharest, and 385 to Sofia, all December 10, none printed. These instructions, each of which included more than 30 typewritten pages, are included in file 740.0011 EW (Peace)/11-447).

⁴ This telegram was repeated to Sofia as 381, to Bucharest as 573, to Moscow as 1744, and to London as 4031.

inapplicable to the Chief of the U.S. diplomatic mission and his representatives acting under these provisions of the treaty and to express the confident conviction of the U.S. Govt that instructions will be issued to the appropriate authorities to the end that the Chief of the U.S. diplomatic Mission and his representatives may be permitted to travel freely throughout Bulgaria without hinderance or limitation for the purposes stated above.

"In bringing the foregoing to the attention of the FonOff, the Leg is instructed to add that, while the US Govt is not disposed at this time to take issue with the establishment of restrictions upon the travel of private US citizens in Bulg, which, in accordance with the language of the FonOff communication, are equally applicable to all foreign nationals without discrimination, the US Govt nevertheless considers that such measures do not fully accord with normal peace-time practice nor contribute to the implementation of those treaty provisions, particularly with regard to the reestablishment of trade, etc. which envisage the freest possible interchange between Bulg and US nationals."⁶

Comments Leg Sofia, Embs Moscow and London and of Brit FonOff through latter will be appreciated.

MARSHALL

⁶ In the note delivered to the Bulgarian Foreign Ministry on December 2, this paragraph was replaced by the following paragraph, proposed in telegram 1097, November 25, from Sofia, not printed, and approved by telegram 537, November 26, to Sofia, not printed (874.111/11-2547) :

"In bringing foregoing to attention of Minister of Foreign Affairs Legation instructed add that while US Government not disposed at this moment take issue with establishment of nondiscriminatory restrictions on travel private US citizens in Bulgaria, US Government nevertheless considers that such measures do not accord with normal peacetime practice and may in fact be contrary peace treaty particularly those provisions which concern re-establishment of trade, et cetera, and envisage freest possible interchange between Bulgaria and US nationals."

740.0011 EW (Peace) /11-2847 : Telegram

*The Acting Secretary of State to the Legation in Hungary*¹

SECRET

WASHINGTON, December 3, 1947—5 p. m.

1225. As suggested urtel 1899 Nov 28² it is Dept's opinion and also Army's that it no longer desirable to delay presentation formal request to FonOff for military info for reasons outlined Stokes B-07

¹ This telegram was repeated to Moscow as 2003, to London as 5074, to Rome as 2515, and to Sofia as 546.

² Not printed; it reported that the British Foreign Office had informed the British Minister in Hungary that the Department of State was not inclined to await a reply from the Bulgarian Government to the request for military information under the Peace Treaty with Bulgaria before making similar requests for military information to the Hungarian and Rumanian Governments. The British Minister continued to doubt the wisdom of formal requests to the Hungarian Government for military information and emphasized the difficulty of the Allied position if no reply or an unsatisfactory reply were received (740.0011 EW (Peace) /11-2847).

Oct 16 to CSGPO³ and Deptel 1048 Oct 7. In addition Hungarian Govt response or lack of it may well provide indication future attitude of Hungarians and Soviets towards treaty fulfillment. Matter thoroughly discussed here with Brit Emb in light Helm's viewpoint. We feel no disagreement with Brit except on tactics and such flexibility has been foreseen. On other hand we concur in Helm's and your recommendation to postpone again a request to Sovs for info re location line of communication troops.⁴

You are now authorized implement Section 11 SWNCC 244/7⁵ (Deptel 1037 Oct 2⁶). For your guidance Sofia's 904 Oct 9 to Dept is rptd immediately following tel giving text note to Bulg FonOff to which no reply yet recd despite our follow-up.

Sent Budapest, rptd to Moscow, London, Rome and Sofia.⁷

LOVETT

³ The military communication under reference is not printed. Col. John H. Stokes was the Military Attaché in Hungary.

⁴ The recommendation referred to in this sentence had been included in telegram 1899, November 28, from Budapest, cited in footnote 2, p. 47.

⁵ The reference here is to numbered section 11 of Annex "A" to Appendix "C" to SWNCC 244/7, September 10, pp. 21, 27.

⁶ The telegram under reference is not printed, but see footnote 2, p. 30.

⁷ In a separate telegram 726, December 3, to Bucharest, not printed, the Legation in Rumania was authorized to implement Section 11 of SWNCC 244/7 and request information from the Rumanian Government regarding the military clauses of the Peace Treaty with Rumania (740.0011 EW(Peace)/10-947).

740.0011 EW(Peace)/12-1047: Telegram

The Minister in Bulgaria (Heath) to the Secretary of State

SECRET

SOFIA, December 10, 1947—5 p. m.

1167. ReLegtels 903, October 8¹ and 1086 November 22.² Legation just received following note from Minister Foreign Affairs:

"Foreign Minister has honor acknowledge receipt Legation's note October 7³ and its reminder note November 20 [21] re supplying various details with respect armed forces Bulgaria.

"A similar request has been formulated by British Legation in note dated October 21.

"Taking into consideration fact that American Legation as well as Legation of Great Britain have transmitted copies their notes to Soviet Legation and in view of provisions of Article 35 peace treaty

¹ Not printed, but see footnote 1, p. 33.

² Not printed; it reported that the Legation had sent a note to the Bulgarian Foreign Ministry on November 21 calling attention to the failure of the Bulgarian Government to supply military information as requested earlier (740.0011 EW(Peace)/11-2247).

³ The Legation's note under reference is quoted in telegram 904, October 9, from Sofia, p. 33.

with Bulgaria signed at Paris February 10, 1947, Ministry considers that it is proper to study request in question and to reply thereto after it will have received similar request from Soviet Legation Sofia."

Sent Department 1167; repeated Bucharest 69; Budapest 47.

HEATH

740.0011 EW (Peace)/12-1147 : Telegram

The Minister in Hungary (Chapin) to the Secretary of State

SECRET

BUDAPEST, December 11, 1947—11 p. m.

1955. Follows full text note sent today pursuant Deptel 1225 of December 3, 5 p. m :

"Legation USA presents compliments to Ministry Foreign Affairs and reference Part III, section I, Articles 12 to 20 inclusive Treaty of Peace between Allied and Associated Powers and Hungary signed Paris February 10, 1947, has honor to request under provisions paragraph 3, Article 39 said Treaty that following data which Government of US requires in order to fulfill responsibilities under Peace Treaty be supplied Legation :

"Plans for implementation Article 12 with respect maintenance land and air armaments and fortifications for meeting tasks of internal character and local defense of frontiers, including proposed tables of organization and equipment.

"Present strength, location, and composition armed forces Hungary to include High Command and General Staff, all subordinate headquarters, all military units, military schools, training establishments, military research or experimental installations, frontier guards, and river flotilla and air force organizations.

"Names, locations, and production capacity all industrial establishments Hungary engaged in or capable of manufacture of war material as defined Annex III Peace Treaty.

"List of quantities those war materials located Hungary or on order from outside Hungary which fall within categories specified Annex III Peace Treaty, with indication country of origin each item.

"Will be appreciated that all organizations which receive any form military training or military air training as defined Annex II Treaty of Peace should be classified as military organizations and should be included in data furnished in response this request.

"Legation USA furnishing copies present note to Legations in Budapest of Soviet Union and UK. Assumed Hungarian Government likewise will make available these Legations full information on points set forth above." (Complimentary close.)

Sent Department and repeated as follows: London 178, Bucharest 63, Sofia 34 and Department please pass to Moscow as 148.

CHAPIN

Editorial Notes

During December 1947, the Legation in Bucharest, upon authorization by the Secretary of State, presented three notes to the Rumanian Foreign Ministry in connection with the implementation of the military clauses of the Treaty of Peace with Rumania. The note of December 1 requested that information asked for by the British Legation's *Note Verbale* of November 27 regarding the implementation of the naval clauses of the Treaty also be made available to the American Legation. The note of December 8 requested information on the implementation of the air clauses of the Treaty. The note of December 18 requested information regarding the current condition of security and para-military forces as defined in the Treaty. The American Legation did not present a request for information regarding the command and organization of the regular armed forces although the British Legation did present such a request to the Rumanian Foreign Ministry on December 12. The texts of the above-cited American Legation notes were transmitted to the Department of State as enclosures to despatches 123, December 1, 139, December 8, and 164, December 20, from Bucharest, respectively, none printed (871.30/12-147, 740.0011 EW (Peace)/12-847, and 740.0011 EW (Peace)/12-2047).

On December 15, in pursuance of instructions from the Secretary of State, the Legations in Budapest, Bucharest, and Sofia officially informed the Hungarian, Rumanian, and Bulgarian Governments, respectively, that, in accordance with Part IV of the Peace Treaties with Hungary, Rumania, and Bulgaria, all United States forces had been withdrawn from each of the countries. The United Kingdom and Soviet Governments were informed of these communications.

In a note dated December 22, not printed, the British Ambassador informed the Secretary of State that, in accordance with the Peace Treaties, the British Military Missions had been withdrawn from Bulgaria, Hungary, and Rumania by December 15 (740.0011 EW (Peace)/12-2247).

THE UNITED STATES AND THE ESTABLISHMENT OF THE FREE TERRITORY OF TRIESTE

Defense Files : Telegram

*The Supreme Allied Commander, Mediterranean Theater (Morgan)¹
to the Combined Chiefs of Staff*

TOP SECRET

CASERTA, 9 December 1946.

FX 73668 (Naf 1242). Subject is military implications arising out of ratification of peace treaty.

1. To facilitate further correspondence, date of signature of treaty by Council of Foreign Ministers will be referred to as "S" day and date of coming into force of treaty on ratification as "R" day.

2. For planning purposes the period between now and ratification has been divided into three phases:

Phase 1. Period prior to "S" day.

Phase 2. Period between "S" day and "R" day.

Phase 3. 90-day period after "R" day.

The implications which arise in each phase are:

Phase 1 (Pre-Signature Day).

3. *a.* Except for British Service Troops and 1 United States infantry battalion, none of the Allied troops designated for free territory force are now located in free territory. Therefore, regrouping will be necessary. However, I consider such regrouping would be unsound both operationally and administratively, while present operational commitment remains. I do not propose, therefore, to make any major redistributions during this phase.

b. The general distribution of British, United States and Yugoslav forces in Trieste Free Territory must be decided urgently, as it will be necessary to construct camps and other accommodations on the assumption that present heavy requisitioning may have to be reduced. Provisional estimate for completion of such construction is 4 months. Moreover, I feel most strongly that to divide the area into national zones would delay if not prevent the Free Territory from becoming truly autonomous. It is most desirable therefore to locate some United States/British detachments in Yugoslav Zone "B" sector and vice versa rather than to split the new Free Territory into national zones.

Phase 2 (Period between signature and ratification).

¹ Lt. Gen. Sir William D. Morgan, Supreme Allied Commander, Mediterranean Theater, October 25, 1945–April 1947.

4. *a.* I recommend that, once the Treaty is signed by the Foreign Ministers, my existing role of maintaining my forces in order to impose maximum delay in event of a Yugoslav attack, be eliminated and that my only operational mission be the control of the Morgan Line and internal security. This will enable me to:

1. Release for evacuation during this period the majority of my armour, anti-airforce and medium artillery.

2. Regroup my forces so that new Allied Force of 5,000 each can be established in the Free Territory by "R" day.

The movement limitations and lack of transit facilities at Venice force me to make the maximum use of Trieste for evacuation of 1 armoured division. Furthermore, the organization and administrative difficulties in maintaining and handling vehicles and equipment, caused by most units being below strength in effectives, makes (1) above most desirable. If the above conditions cannot be realized the completion of final evacuation within 90 days may well be jeopardized.

b. Interim force of 5,000 each must be organized, in position and ready to function in Free Territory on "R" day. Headquarters 1 Armoured Division could not efficiently continue to discharge its present heavy occupational and administrative tasks in Trieste, hand over to the new and inexperienced force headquarters, and carry out its move to Middle East all at the same time, especially as this move involves a complicated sorting of personnel and equipment, and the despatch of advance headquarters echelon to Middle East. It will be highly desirable if not necessary for the Free Territory Force Headquarters to take over operational control of present area from headquarters 1 Armoured Division 1 month before main body of division begins embarkation; which embarkation will not start prior to "R" day. In view of the limited size and anticipated role of the Allied force remaining in the Free Territory, I propose to exclude from it armoured units.

5. In considering the question of the new frontiers between Italy, Jugoslavia and Trieste Free Territory, 2 points arise:

a. At present our forces are holding the Morgan Line which in the main lies well within future Yugoslav territory.

b. It is militarily desirable and presumably politically obligatory to withdraw to the new boundaries promptly after treaty is ratified. It is evident that final delineation of the entire French Line cannot be completed before Allied troops withdraw.

Therefore, a temporary line based thereon will have to be accepted without further survey, subject to later adjustments. In this connection we estimate that approximately 48 hours would be required to complete arrangements for withdrawal at end of which period Morgan Line posts retire and Jugoslavs may move forward to new line. It will

further be expedient to time withdrawal from whole of the Morgan Line simultaneously, Allied Forces being withdrawn well clear of the new international boundaries where frontier guards would meet at the expiration of the 48-hour period.

c. In view of the above it is recommended that:

1. Arrangements be made for a joint reconnaissance by Italians and Yugoslavs under allied supervision, during the interval between "S" day and "R" day, to agree on the international boundary to be manned provisionally from "R" plus 48 hours until the boundary is surveyed and finally confirmed.

2. Similar detailed preparations during "S" to "R" days period must be arranged for the taking over of Civil Administration by both Yugoslavs and Italians from Allied Military Government.

Phase 3 (Period after ratification).

6. a. To enable US [us] to evacuate within 90 days, I must be relieved of all operational commitments as from "R" day. As I now foresee some Allied administrative responsibilities may or may not continue.

b. Although certain evacuation will have taken place in phase 2, as envisaged in paragraph 4 (a) above, it will be necessary for the port of Trieste to be used for the final evacuation. This is due to lack of transit facilities and that the outloading capacity of Venice is incapable of handling total evacuation on its own. As an indication of the overall movement involved and on the assumption that both Venice and Trieste are used to capacity, the War Office Sea Movement Plan for the movement of British Troops, to the Middle East alone, requires 2 months.

c. It is therefore necessary that full right of transit movement and maintenance be accorded to Allied Forces, over and above accommodations of the eventually remaining 5,000 each, which must be finally evacuated through Trieste during this phase. This must include all facilities at present enjoyed by Allied Troops in this area.

d. It is most desirable that Allied Military Government continue to function in the Trieste Free Territory until the new administration is in a position to take over.

7. In conclusion I request that guidance be given on each of 6 points as soon as the relevant information becomes available:

a. General disposition of Allied Forces in Trieste Free Territory.

b. Approval of my recommendations in paragraph 4 (a) above, regarding modified role of Allied Forces between signature and ratification.

c. Approval of my recommendations for the setting up and handing over control of the New Frontiers and Allied Military Government and that the necessary instructions be issued to effect this.

d. Confirmation that I am released from all operational commitments after ratification.

e. Approval that forces, including equipment, surplus to 5,000 each can be evacuated through the Free Territory of Trieste after ratification.

f. Confirmation that Allied Military Government will continue to operate in Free Territory until the new administration has set up the necessary machinery to take over.

[MORGAN]

Defense Files : Telegram

*The Supreme Allied Commander, Mediterranean Theater (Morgan)
to the Combined Chiefs of Staff*

TOP SECRET PRIORITY

CASERTA, 9 January 1947.

FX 74182 (Naf 1261). Reference Naf 1242. 1. From information received through United States and British sources it appears that the impression has been gained that the draft instrument for the provisional regime of free territory of Trieste provided the answer to the frontier question raised in para 5 of Naf 1242. This is not the case.

2. The draft instruments only provide for the setting up of boundary commissions on "R" day. I consider that it is of utmost importance to have an agreed tentative boundary as between Yugoslavia-Italy and territory upon which Italian, Yugoslav and Free Territory forces will meet immediately upon ratification. Unless action is taken prior to "R" day on the lines of para 5 c of Naf 1242, I am convinced that armed clashes or a flare up through proposed boundary areas may well result, preventing an orderly withdrawal of our forces within the time envisaged. The dangers of incidents will be particularly great along new Yugoslav-Italian border.

3. Request that the necessary arrangements be made or instructions be issued to implement the proposals as set out in my Naf 1242 para 5 c.

[MORGAN]

Defense Files : Telegram

*The Combined Chiefs of Staff to the Supreme Allied Commander,
Mediterranean Theater (Morgan)*

TOP SECRET

[WASHINGTON,] 10 January 1947.

WARX 89469 (Fan 709). 1. This telegram is in reply to paragraph 7 of your Naf 1242.

2. *Point a* will be covered in a future message.

3. *Point b*. We agree with your recommendation in paragraph 4 a

Henderson ¹ of the British Embassy has sent us an *aide-mémoire*, ² of which a copy is attached; and, on instructions, requests that I arrange to discuss the British views set forth therein with himself and Dennis Allen ³ as soon as convenient.

If you agree, I propose to give the Embassy our views along the following lines: ⁴

"1) We concur in the view set forth in the opening paragraph of the Embassy's *aide-mémoire*, that it is difficult to formulate in advance any general principles with regard to the implementation of the peace treaties and agree as to the desirability of constant consultation between the US and UK Governments before sending instructions on this subject, such consultation to be supplemented by the continuance of the present satisfactory consultation between US and UK Representatives in Bulgaria, Rumania and Hungary.

2) We concur that it seems advisable at this time that flexibility be maintained (paragraph 2 of the *aide-mémoire*) in our approach to treaty implementation problems and that it may be desirable for the US and UK Governments to take the lead separately in regard to implementation of different articles in the treaties. However, it occurs to us that rather than to establish an understanding as to certain articles which will, or have, become of primary concern to one of the two countries, it may be preferable for a division to be made on the basis of specific cases as they arise. In that manner we might be in a position to take advantage of the particular conditions involved in specific cases with special reference to such aspects of the case as the extent of the US or UK interests involved in such a matter.

3) As regards the Foreign Office's ideas on detailed proposals (paragraph 3 of the *aide-mémoire*) our tentative views, subject to change in the light of developments, are as follows:

a) We would prefer to have an opportunity for the two Governments to consider what further action should be taken in connection with the approach of October 7 and October 22 to the Bulgarians with regard to the Bulgarian Army, on the basis of the replies, or absence of replies, from the Bulgarian Government. We feel that the Bulgarian response to those communications may well give some indication of the tactics Bulgaria will employ with regard to the implementation of the treaty generally and that, since that attitude will no doubt also be adopted in the other two countries, we should have an opportunity to examine the implications of further action in relation to all three countries, rather than to set our course solely on the basis of the situation in Bulgaria, as determined by our local representatives.

b) We share the Foreign Office's doubts as to the advisability of a visit to the Greek frontier area in Bulgaria before the end of the 90 days allowed to evacuate the Soviet Army. It also seems

¹ John Nicholas Henderson, Second Secretary of the British Embassy.

² *Supra*.

³ William Denis Allen, Counselor of the British Embassy.

⁴ The memorandum appears to have been approved by Reber. A marginal note by Barbour on the source text indicates that a copy of the text that follows was given to Robert Cecil, Second Secretary of the British Embassy, on October 30.

to us undesirable to risk provoking an incident or at least tipping our hand as to our future intentions by any attempt during that period to see how near the frontier a visiting party can get. We agree that further consideration should be given the matter following receipt of the joint recommendations of Messrs. Sterndale-Bennett and Heath.

c and *d*) The Department has agreed with the British suggestion that further steps in regard to obtaining military information in Rumania and Hungary await developments and further consideration following the receipt of a reaction to the approaches we have already made in Bulgaria. Subject to the concurrence of the US Minister in Bucharest we see no objection to British representations to the Rumanian Government in respect to information on naval affairs and would be prepared to instruct the US Minister to support such representations.

We think the same considerations set forth in regard to travel and inspection visits by US and UK representatives in Bulgaria during the 90-day Soviet withdrawal period apply almost equally to Rumania and Hungary. During that period the Soviets could maintain that the presence of occupation troops would justify refusal to permit free travel by service attachés anywhere in the country. After the 90-day period Rumanian or Hungarian refusal to permit travel in areas manifestly outside any reasonable Soviet corridors of communication would be obvious subterfuge to conceal illicit activities. It would be preferable to avoid raising such a conflict of views until the termination of the 90-day period clarifies the legal position of Soviet troops.

e) The Department concurs in the unwisdom of establishing the committee of the three heads of mission in any of the countries on any form of a continuing basis and that the heads of mission should be convoked only with regard to specific disputes which have reached the arbitration stage. We also believe there is merit in the Foreign Office view that the treaty machinery may bring more tangible results if invoked in cases involving material interests rather than with a view to obtaining compliance with the human rights provisions of the treaties. However, in such cases as that about to be raised by the trial of Mr. Maniu in Rumania, it is felt that, as indicated in the *aide-mémoire*, the issues involved are so fundamental that we would be remiss if we did not envisage utilization of all possible treaty remedies to obtain condemnation of obvious violations of the basic human rights guarantees contained in the treaties. While we recognize that satisfaction is unlikely in such a matter in a totalitarian state, it seems clear to us, by analogy with the Petkov case in Bulgaria, that our efforts to obtain compliance with the human rights treaty obligations are not without useful effect in exposing to the world the totalitarian methods of the satellite governments. We do not feel that apparent stultification of treaty machinery in a case like that of Mr. Maniu would jeopardize the effectiveness of that machinery in subsequent cases involving material interests.

As regards Article 37 (3) of the Rumanian treaty, it is believed that there may be some misunderstanding. While the language in paragraph 1 of Article 37 would imply by the words "acting in concert" that the three heads of mission should coordinate action in dealing with the Rumanian Government in connection with representing the Allied and Associated Powers in matters concerning the execution and the interpretation of the treaty, the omission of the phrase "acting in concert" from paragraph 3 of that same article would seem clearly to establish the right of the three heads of mission separately to require from the Rumanian Government information and assistance necessary to fulfill their treaty duties.

As to the procedure suggested in the concluding paragraph of the *aide-mémoire*, it is suggested the British Embassy be given copies of such studies and instructions as the Department has already prepared in regard to the implementation of specific treaty articles and that, in informing the Embassy that such views are still tentative and have not been cleared at the highest levels, solicit such comments as the Foreign Office might wish to make. These studies and tentative instructions have already been circulated to our missions with request for the views of those offices. In conclusion, I think we should again emphasize our agreement as to the advisability of a flexible approach and possibly add a caution that we are not certain to what extent it is advisable to crystallize the US and UK positions in regard to specific action in advance of consideration of individual problems.⁵

⁵ In a letter to Walworth Barbour, dated November 28, not printed, Rudolf E. Schoenfeld, Minister in Rumania, commented upon the Department's views presented here as follows:

"May I say that the Department's approach so accurately reflects the views we hold here that we feel as though there had been a certain amount of telepathy.

"We here are particularly impressed with the need for an empirical approach to specific problems rather than making any attempt to lay down a rigid blueprint in advance. Conditions and personalities here are far too fluid and unpredictable to permit of the latter system." (740.0011 EW (Peace)/10-3047)

740.0011 EW (Peace)/10-3047: Telegram

The Appointed Minister in Bulgaria (Heath)¹ to the Secretary of State

SECRET

SOFIA, October 30, 1947—noon.

990. From Heath. As result two telegrams from British Foreign Office to Sterndale-Bennett, Horner and I have had several discussions with latter respecting tactics and extent effort we should employ obtain implementation peace treaty.

Telegrams indicate, I understand, tentative views British Foreign Office that it would be hopeless and prejudicial other issues to multiply representations for any but important infractions human rights pro-

¹ Appointed Minister Heath arrived in Sofia on October 25, 1947, but he did not present his credentials to the Bulgarian Government and take charge of the Legation until November 9.

visions Article 2 and that procedure (Articles 35 and 36) of submitting violations to arbitral commission should generally be reserved for concrete military and economic issues for which there would be some chance definite awards which might be carried out. Specifically Foreign Office rejected Sterndale-Bennett's suggestion that arbitral procedure be utilized as logical extension of inconclusive exchanges notes between British Legation and Bulgarian Foreign Office in Petkov case.²

Apparently British Foreign Office inclined to believe that barrage of representations re treaty violations would be quickly subject law of diminishing returns while representations spaced and largely restricted to economic and military clauses might meet with some success.

We told Sterndale-Bennett that it our conviction that we should be prompt in bringing to Bulgarian Government's attention all violations of treaty which come to our attention and not as British Foreign Office apparently proposes, concentrate on selected major violations.

We did not believe that withholding representations on human rights clauses would improve chances of implementation economic and military provisions. Our local view was of course subject to correction by Department which would take into account effect of our action here on similar issues in satellite area. Our notes would of course be fully documented and our presentation firm but not provocative. It would be futile limit ourselves to exchanges of notes and we felt strongly we should be prepared employ the further procedures laid down in Articles 35 and 36 where Bulgarian Government and ourselves failed reach agreement.

Foreign Office telegrams also suggested, I understand, that while maintaining closest cooperation and identity of objectives it would not be necessary and in certain cases positively inadvisable for both Legations send identical notes. We agreed such flexibility desirable.

Sterndale-Bennett inclines to our view that no violations Article 2 should be passed over and within next few days he will go to London to consult with Foreign Office. He also agrees that one of our strongest arms at present is public opinion and we should be prepared on all suitable occasions publish notes and issue statements.

To sum up, Horner and I realize that on short term we have little chance of integrally implementing treaty but believe constant representations on treaty violations may possibly, even over short term,

² For documentation regarding the interest of the United States in the arrest, trial, and execution of Nikola Petkov, the leader of the Bulgarian Peasant Party, see pp. 159-183 *passim*.

exert some retarding influence on Communists. Meanwhile, we will be building up record for possible presentation to UN Assembly. Selected and spaced representations might well on other hand be interpreted by Communists here as half-heartedness on our part or even defeatism and encourage them to accelerate program of internal suppression and militant assistance Greek Communists.

We assume British Foreign Office will shortly take matter up with Washington. Department's views or instructions requested.

Sent Department 990, repeated London 102, Budapest 34, Bucharest 54, Moscow 90.

[HEATH]

740.0011 EW (Peace)/10-3047: Telegram

The Secretary of State to the Legation in Bulgaria

SECRET

WASHINGTON, November 4, 1947—3 p. m.

482. For Heath. Brit FonOff views re various aspects treaty implementation (Legtel 990 Oct 30) were communicated Dept by Brit Emb in *aide-mémoire* dated October 25. Texts *aide-mémoire* and memorandum embodying Dept's comments thereon which were given Emb follow by air pouch.¹

Dept shares FonOff's view that in cases involving violations Articles 2 and 3 it is likely to prove more difficult, if not impossible, obtain satisfaction from Bulg Govt than in cases involving violations economic and military articles. Possible subterfuges to which Bulg Govt can resort, such as citation Article 4, are numerous and record and intentions Bulg Govt are too patent for optimism on this score. However, notwithstanding poor prospects for success in such cases and questionable thesis that failure to obtain satisfaction from Bulg Govt might prejudice other cases, Dept in keeping with its view that blackest blot on FF Govt's record is its utter disregard for human rights and civil liberties, considers that it is incumbent upon US Govt to combat violations Articles 2 and 3 as vigorously as circumstances may permit in order that such violations and our attitude thereon may be matters official record and in order that Bulg Govt is offered no grounds for considering that silence gives consent. It appears Dept, on other hand, that the practically continuous violation Articles 2 and 3 by Bulg Govt, coupled with desirability your taking action only on fully documented and unambiguous cases, will in effect impose certain practical limitations on number cases on which you can act. Dept considers that vigorous and comprehensive action in case such as Petkov's can be

¹ For the Department's comments under reference here, see the memorandum by Barbour, October 28, p. 38.

expected to yield more positive results for purposes record and public opinion than action in dozen cases involving lesser figures with less uncompromised records. (Parenthetically Dept has impression FonOff's rejection Sterndale-Bennett's suggestion re further action in Petkov case may not necessarily stem from FonOff's restrictive approach to general question treaty enforcement but rather at least in part from added factor that action in Petkov case occurred prior to entry into force of treaty and from tactical considerations.)

On basis exchanges of views in Sofia and Wash there appears to be unanimity re maintenance flexibility in matter US-UK cooperation re implementation treaty. As action to be taken by each Govt must necessarily depend on circumstances in each individual case, Dept considers *ad hoc* determination respective roles US-UK reps desirable. Dept naturally hopes that in general Brit Govt will support US representations by appropriate means in order that Bulg Govt may be given no grounds for belief that attitudes Western democracies differ with respect to necessity Bulg Govt's fulfilling its treaty obligations.

Sent Sofia as 482, rptd London 4696, Moscow 1911, Rome 2269, Budapest 1135, and Bucharest 662.

MARSHALL

874.111/11-1047

*Memorandum by the Chief of the Division of Southern European Affairs (Barbour)*¹

[WASHINGTON,] November 10, 1947.

PROBLEM

To instruct the Legation in Sofia as to the reply it should make to a note from the Bulgarian Foreign Office reporting the establishment of prohibited zones along the entirety of Bulgaria's frontiers and barring foreign nationals, including members of the diplomatic and consular corps, from entry into such zones without previous authorization of the Bulgarian Ministry of Interior or Director General of the National Militia.²

DISCUSSION

The problem presented, while ostensibly merely establishing a permit procedure for the travel of foreign (including US and UK) dip-

¹ In accordance with Department procedures, this memorandum was circulated to other offices and divisions in the Department of State as a memorandum from the Director, Office of European Affairs to the Under Secretary of State. The memorandum was concurred in by the Division of Eastern European Affairs, the Office of the Legal Adviser, the Office of Near Eastern and African Affairs, the Office of European Affairs, the Assistant Secretary of State for Political Affairs, Norman Armour, and the Counselor of the Department of State, Charles Bohlen.

² The note under reference here was contained in telegram 1019, November 6, from Sofia, not printed (874.111/11-647).

lomats within Bulgarian frontier zones, clearly raises the question as to the right of US and UK diplomatic officials to perform unsupervised travel anywhere within approximately 25 miles of Bulgaria's frontiers, a development which cannot but seriously jeopardize the possibility of such officials effectively verifying Bulgarian compliance with various armament and fortification limitations imposed by the peace treaty.

During the CFM discussions concerning the peace treaties the Soviets consistently objected to the establishment of any form of international inspectorate to survey the implementation of the military or other clauses of the Balkan treaties. As a compromise it was finally agreed that the three heads of the diplomatic missions of the US, UK and USSR would be charged with the general function of interpreting, supervising and clarifying the treaties during the 18 months immediately following the treaties coming into effect and that the defeated enemies would accord the three heads of mission such assistance as they might require.

No admission by the USSR that the discharge of the functions of the heads of mission shall include the unrestricted right to travel throughout the ex-enemy countries can be found. However, it is believed that such right of unrestricted travel is inherent in the conception of the functions of the three heads of mission in this connection. Furthermore, the issue involved is obviously of considerable importance and its solution will have a direct bearing upon our ability through our diplomatic missions to survey Russian aggressive activities in those countries against Greece and Turkey.

In the circumstances, we feel that strong issue should be taken with the Bulgarians in regard to the movement of diplomatic personnel at the outset. At the same time, we do not feel that we need, or are in a position, to make equally vigorous protests against restrictions on private individuals.

RECOMMENDATIONS

It is recommended that the views of the British Foreign Office and of the Embassy in Moscow be obtained in the matter and that for that purpose the attached self-explanatory telegram quoting a proposed reply to the Bulgarian Government be dispatched.³

CONCURRENCES

[Here follows the indications of concurrences by the officers, offices and divisions cited in footnote 1.]

³ The draft telegram attached to this memorandum was subsequently sent as telegram 501, November 14, to Sofia, *infra*.

874.111/11-747: Telegram

*The Secretary of State to the Legation in Bulgaria*¹

CONFIDENTIAL URGENT WASHINGTON, November 14, 1947—7 p. m.

501. Dept generally agrees line your suggested response Bulg note² concerning travel in restricted frontier areas (urtel 1029 Nov 7³). However, having in mind possible publication correspondence in matter it seems to us desirable that treaty responsibilities etc. to which your note would refer be amplified for clarity. Accordingly, Dept proposes alternative text along following lines:⁴

“Leg of US has taken note of FonOff communication delineating certain prohibited frontier zones in Bulg and notifying that as from Nov 7 members of Diplomatic and Consular corps as well members of various foreign delegations in general may not penetrate into such zones for any purpose without previous authorization from Ministry of Interior to be requested through the Ministry of Foreign Affairs.

“Treaty of Peace between Bulg and Allied and Associated Powers which entered into force on Sept 16,⁵ 1947 provides that during a period of 18 months from that date the heads of diplomatic missions in Sofia of USSR, UK and US will give Bulg Govt such guidance, technical advice and clarification as may be necessary to insure the rapid and efficient execution of the treaty both in letter and in spirit. The treaty further provides that the Bulg Govt shall afford those heads of mission all necessary information and any assistance which they may require in the fulfillment of the tasks devolving upon them under the treaty. It is obviously inherent in the execution of these mutual responsibilities that the Heads of Diplomatic Missions and their representatives be entirely free to travel throughout Bulgaria to satisfy themselves concerning the status of compliance with applicable treaty commitments. It seems equally manifest that the imposition by the Bulg Govt of restrictions upon the movements of the three heads of missions throughout Bulg during the 18 months period circumscribes the freedom of action of those officials in the performance of their treaty functions and is thus inconsistent with the letter and spirit of the treaty and contrary to the treaty obligations assumed by Bulg in that connection. Consequently, the Leg has been instructed to inform the FonOff that the U.S. Govt will regard these regulations as

¹ This telegram was repeated to London, Moscow, Budapest, Rome, and Bucharest. Embassy Moscow concurred in the draft text of the note contained here, and telegram 6163, November 24, from London, not printed, reported that British Foreign Secretary Ernest Bevin agreed that the draft note was suitable and appropriate (874.111/11-2447).

² The Bulgarian Foreign Ministry note under reference here is summarized in the first paragraph of the memorandum by Barbour, November 10, *supra*.

³ Not printed; it contained the proposed text of a note which Acting Representative Horner in Bulgaria suggested be sent to the Bulgarian Foreign Ministry (874.111/11-747).

⁴ With the revisions noted in the next two footnotes, the language that follows here was included in a note from the Legation in Bulgaria to the Bulgarian Foreign Ministry, delivered on December 2. A parallel note was delivered by the British Minister in Bulgaria shortly thereafter.

⁵ A subsequent instruction corrected this date to read September 15.

that as from "S" Day, you will be released from the task of imposing maximum delay in event of a Yugoslav attack. You should thus be able to release during phase 2 your armour, anti-aircraft and medium artillery.

Your task of maintaining law and order up to the Morgan line, including Pola, will continue until "R" Day, but you may thin out your forces in Pola as from "S" Day so that troops concerned may, on ratification, rapidly be transferred to Trieste since these forces are earmarked as part of the contingent to be placed at the disposal of the Governor.

4. *Point d.* Juridically there can be no further role for your forces in Italy after ratification and you should plan on this basis.

There remains, however, a possibility that Yugoslavs may refuse to sign or ratify, in which case it would be desirable politically to continue to control Pola and strip of territory between Morgan and French lines. We do not think such an arrangement would be militarily practicable if at the same time other provisions of the treaty, including the setting up of the free territory, were being brought into force. If therefore this situation should occur, it will be necessary to raise with the other great powers both this question and that of the establishment of the free territory.

5. *Point e.* Unless the interval between "S" and "R" Days is unexpectedly short (less than 2 months), it should be possible for you to evacuate majority of your heavy equipment through Trieste before "R" Day. Thereafter we shall aim at obtaining agreement of Governor to our continuing to use Trieste for the evacuation of such of our forces as cannot be routed through Venice, subject to the proviso that the total of troops of either national contingent in the free territory at any one time shall not exceed 5,000.

Since however we cannot be certain of obtaining Governor's agreement, you should consider and report whether you can complete your withdrawal by other routes on the assumption that you have the use of Trieste for 2 months between "S" and "R" Days.

6. *Point c.* It will be necessary for the arrangements for demarcating the new frontiers to be made between governments. Your responsibility will be limited to the provision of facilities for the boundary commission or whatever body may be set up. As regards arrangements for the taking over of the civil administration by both Yugoslavs and Italians from Allied Military Government, these must, in the first place, be agreed between governments; it will then be for you to implement them.

7. *Point f.* It has already been decided by the Council of Foreign Ministers that Allied Military Government shall continue in the zones

at present occupied by the British/American and Yugoslav forces until the Governor assumes office.¹

8. The other points you raise in Naf 1252² and 1253³ are under urgent examination and will be subject of a separate telegram.

¹ See Record of Decisions of the Council of Foreign Ministers, December 12, 1946. *Foreign Relations*, 1946, vol. II, p. 1532.

² Not printed; in it General Morgan recommended the appointment of Maj. Gen. Bryant E. Moore, Commander of the U.S. 88th Infantry Division, as Commander of the Allied Forces. (Defense Files)

³ Naf 1253, dated December 28, 1946, is printed in the documentation on the concern of the United States with respect to the maintenance of stable, democratic government in Italy, in volume III.

740.00119 Control (Italy)/1-1347

The Yugoslav Ambassador (Kosanović) to the Secretary of State

Pov. Br. 56

The Ambassador of the Federal Peoples Republic of Yugoslavia presents his compliments to the Honorable the Secretary of State and has the honor to inform that since April, 1946, machines, industrial plants and transportation equipment are being transported to Italy or those parts of Zone A which according to Draft Peace Treaties would not be allotted to Yugoslavia.

Among other things there have been removed from shipyard Olivi in Pula: one cilindrator weighing 12 tons (on 16th August, 1946), seven electrical motors, six hydraulic pumps and other machines; and there appears to exist scheme to dismantle whole shipyard and transfer it from Pula to Trieste. From Vallelunga in Puza following equipment has been taken away: about twenty machines, three complete lathes with motors and one lathe without motor from mechanic workshop, four electric motors from powerstation, six pumps of sixty to eighty horsepower from laboratory and other machines. Preparations are made at present for the dismantling of padlock factory Fonda at Pulz; twenty-nine electrical machines of this factory have as a matter of fact already been dismantled and packed into cases bearing inscription tobacco with view to their clandestine removal from Pula.

Allied Military Authorities themselves take active part in this economic devastation of Julian March by offering their assistance with regard to aforesaid removals. For in most cases dismantling is done by members of civil police themselves, that is, by organs of Allied Military Authorities. Moreover these authorities have dismantled and removed railway tracks on the line Prvacina-Volcja Drage-Gorica which finds itself in that part of Zone A which according to Draft Peace Treaties is to fall to Yugoslavia. Furthermore, Allied Authori-

ties have exported to Italy transport equipment (Diesel operated carriages, locomotives and carriages) from stations of Pravecina, Voleja Draga, Sv. Gora and others.¹

The Yugoslav Government consider that both toleration of removal and active participation in it by Allied Military Authorities are in contradiction with clauses of Devin Agreement.² Indeed, according to this agreement, no plants or industrial facilities shall be removed from Julian March. This rule has expressly been inserted in agreement so that normal economic life of Julian March would not be disorganized. By said removals, however, the economic structure of whole districts of Julian March is being altered and their normal economic life greatly interfered with, in fact, precisely that is being done which according to Devin agreement should have been prevented. Up to the present several thousands of workers are unemployed in Pola district alone because of the displacement of industry, and in addition to this craftsmen, merchants and officials linked with this industry, are forced to emigrate which in its turn has further serious economic consequences. To what extent the interests of the inhabitants of Julian March are thus involved is shown by the fact that the local population by all means at their disposal try to prevent dismantling and removal of machinery upon which their livelihood depends.

Moreover, the Yugoslav Government consider that such proceedings of Allied Authorities constitute also attempt to frustrate in advance of Yugoslavia in case peace treaty comes into force. According to Draft Peace Treaty with Italy (Annex 3) prepared by the Council of Foreign Ministers successor state shall be entitled to statal rastatal [*parastatal*?] property situated on territory assigned to it, and in respect of private property only optants shall be permitted, under certain conditions to take with them their movable property. Industrial plants, however, cannot be treated as movable but they must be treated as immovable property. In addition, the Yugoslav Government consider that the Draft Peace Treaty, although not yet binding powers having prepared it nevertheless, having the character of an international declaration, obliges them not to undertake actions which would in advance frustrate the possibility of its fulfillment.

¹ The spelling of place names in this paragraph follows exactly that of the original text.

² Appendix "I" of the Duino Agreement, "Economic and Traffic Measures," merely provides in paragraph 4 of clause 1c: "No plant or industrial facility will be moved out of Venezia Giulia during the period of this agreement."

The full text of the Agreement, signed on June 20, 1945, at Duino by Lt. Gen. W. D. Morgan for Field Marshal Sir Harold R. L. G. Alexander, Supreme Allied Commander, Mediterranean Theater of Operations, and by A. Jovanovic for Marshal Josip Broz Tito, Supreme Commander of the Yugoslav Army, together with the appendices and map, is filmed on Roll 342-C, Microfilm Records of Allied Force Headquarters, National Archives and Records Service. The original papers are in London at the Historical Section of the British Cabinet Office.

In view of the above, the Yugoslav Government:

Firstly, most energetically protest against aforesaid violation of Devin Agreement and evading of obligations which the American Government undertook as one of the chief authors of the Draft Peace Treaty with Italy, thereby most ruthlessly offending the interests of those districts which, according to Draft Peace Treaty, should fall to Yugoslavia, as well as the interests of Yugoslavia herself;

Secondly, request for immediate suspension of further removals and displacements of industrial plants and transport equipment at Pola and other parts of Zone A of Julian March and for the return of equipment already taken.

Notwithstanding the above however the Yugoslav Government reserve the right to make the British and the United States Governments—as the mandatory occupying governments—responsible for all the damage which has been caused to Yugoslavia legitimate interests by such proceedings of Allied Military Administration.

WASHINGTON, January 13, 1947.

S[AVA] N. K[OSANOVIĆ]

Defense Files : Telegram

*The Combined Chiefs of Staff to the Supreme Allied Commander,
Mediterranean Theater (Morgan)*

TOP SECRET

[WASHINGTON,] 6 February, 1947.

WARX 91496 (Fan 720). Supplementing Fan 715 ¹ and answering Naf 1252 ² and Naf 1262. ³

1. Command arrangements in paragraph 2, Fan 715 will be as follows:

a. Command of U.K. and U.S. contingents in Free Territory of Trieste will be separate for operations with U.K. and U.S. contingent commanders reporting individually to the Governor (along with Yugoslav commander) in connection with the mission of their respective contingents in the Free Territory.

b. Administration and logistics common to U.K. and U.S. forces in the Free Territory of Trieste will be coordinated under a combined

¹ WARX 90317, January 22, not printed; it explained the expected roles of the national contingents in the Free Territory of Trieste from "R" day to the assumption of office by the Governor, and for the 90-day period thereafter (Defense Files).

² See footnote 2, p. 56.

³ FX 74184, January 9, not printed; it stated General Morgan's estimate that the U.S. contingent would be one reinforced infantry regiment, the British force, one reinforced infantry brigade; and his planning assumption that from "R" day until assumption of office by the Governor, Allied Military Government in the Anglo-American zone would be under control of the allied force commander, responsible to the Combined Chiefs of Staff (Defense Files).

commander who will be British and will be responsible to the Combined Chiefs of Staff.

c. The British commander appointed to command the British contingent will also perform the duties of the combined U.K.-U.S. commander responsible to the Combined Chiefs of Staff for administration and logistics.⁴

2. We endorse your assumption in paragraph 6 of Naf 1262 that from "R" Day until the Governor assumes office, Allied Military Government in the Anglo-United States zone of the Trieste Free Territory will be under control of the U.K.-U.S. combined commander, referred to in 1 b above, who will be responsible to the Combined Chiefs of Staff.⁵

3. It may take some time for the Governor after assuming office to get the machinery of civil administration fully working. In all probability therefore he may ask for Allied Military Government personnel to assist him until he can replace them by his own civilian staff. This does not alter the fact that Allied Military Government as such will cease on the Governor assuming office and that all duties subsequently performed by Allied Military Government personnel whose assistance may be requested by the Governor will be performed in his name and will be subject to his approval.

⁴ WARX 93880 (Fan 739), March 12, not printed; it extended the responsibilities of the Combined Commander to include operational command for this period (Defense Files).

⁵ WARX 95044 (Fan 743), March 28, not printed; in it the Combined Chiefs of Staff notified Morgan that it had approved the appointment of Maj. Gen. Terrence Sydney Airey as Commander of the British Element of the Trieste Free Territory Force (Defense Files).

865.4016/2-847 : Telegram

The Secretary of State to the Embassy in Italy

SECRET URGENT

WASHINGTON, February 8, 1947—2 p. m.

190. In concert your Brit colleague¹ you shd inform Ital Govt SAC has been directed (Fan 724²) to lend all practicable assistance Ital authorities to facilitate measures expedite evacuation Itals wishing leave Pola with their personal possessions.

You shd also state that although Allied personnel cannot actively assist in removal industrial plant and equipment from Pola, they will place no obstacle in way of Itals desiring move such property to another location in Zone A if they can make necessary arrangements.

Further you shd confirm to Ital Govt Allied troops will remain Pola until treaty comes into force.

MARSHALL

¹ Sir Noel Charles.

² WARX 91618, February 8, not printed.

501.BC/2-1247 : Telegram

*The Secretary of State to the United States Representative at the
United Nations (Austin)*

SECRET

WASHINGTON, February 12, 1947—8 p. m.

45. We are most appreciative of Ambassador Johnson's conversations in response to Dept's 27 Jan 27¹ regarding possible candidates for governorship of Trieste. Of names suggested by Cadogan² we feel Colban³ precluded because of his advanced age and not too decisive personality. We doubt whether two Dutch candidates, Messrs. Nedbragt and Enthoven,⁴ would prove acceptable to Russians. Too little is known of the Norwegian Theodore Broch⁵ to enable us to form an opinion but in general we feel that a Norwegian Governor might be subject to Soviet attempts at influence. We are favorably disposed toward Justice Sandström of Sweden⁶ but have certain reservations because of his fairly advanced age and a possible tendency toward fixed opinions. As for the Spaniard Azcarate⁷ who is put forward by French, we feel that his left-wing antecedents and associations while recommending him to USSR would preclude his consideration for this important post. Furthermore, if UN must go outside its own membership to select a Governor, it would seem inappropriate to choose a Spaniard.

Lleras⁸ considered by us one of best qualified candidates for Directorship Pan American Union, for which post elections take place March 12. For your confidential information, possibility that developments might lead us to support him for Pan American post would impel us not to accept him for Trieste governorship.

We feel another person well known to Mr. Johnson merits serious consideration: Lt. General Nordenskjöld, present Chief of Swedish Air Force.⁹

Please inquire of Gromyko¹⁰ if he now has any candidates to suggest. We suggest you discuss following composite slate with your Big

¹ Not printed.

² Sir Alexander G. M. Cadogan, Permanent Representative of the United Kingdom on the Security Council.

³ Erik Colban, Norwegian Ambassador in London.

⁴ Dr. Henri Emile Enthoven, former head of the Division of Post-War Reconstruction, United Nations Information Office, New York.

⁵ Theodor Broch served during the war as attorney for the Royal Norwegian Ministry of Supply and Reconstruction in London.

⁶ Alfred Emil Fredrik Sandström, judge of the Supreme Court of Sweden.

⁷ Pablo de Azcarate y Flores, Spanish jurist; Deputy Secretary-General of the League of Nations, 1933-1936; Ambassador in London, 1936-1939.

⁸ Alberto Lleras Camargo, President of Colombia, 1945-1946.

⁹ Lt. Gen. Bengt G. Nordenskiöld, Commander in Chief of the Swedish Air Force.

¹⁰ Andrey Andreyevich Gromyko, Soviet Representative on the Security Council.

Four colleagues: General Guisan of Switzerland,¹¹ General Norden-skjold of Sweden, Minister Egeland of South Africa,¹² Lleras Camargo of Colombia and Justice Sandström of Sweden. Biographic data being forwarded. At same time you may now inform your other SC colleagues of our general slate and solicit in particular their suggestions as to other qualified candidates.

Following signature of peace treaties Feb 10, we hope target date can be established for selection of Trieste governor-designate by Mar 1. We are not disposed to go along with Cadogan's suggestion that a sub-committee be appointed to consider names and report back to SC, since we feel that same objective can more easily be obtained by informal consultations with your colleagues. As for methods of approach by SC to governments of Italy and Yugo for consultation on candidates for governorship, we feel channel should be SYG and that he should continue to be UN means of communication in matters concerning Trieste.

MARSHALL

¹¹ Gen. Henri Guisan, Commander in Chief of the Swiss Army, 1939-1945.

¹² Leif Egeland, delegate of South Africa to the first United Nations General Assembly and to the Paris Peace Conference.

865.014/2-1347

The British Embassy to the Department of State

SECRET

Ref: G.9

MEMORANDUM

His Majesty's Government in the United Kingdom consider it extremely important that immediate arrangements should be made for the demarcation of the provisional Italo-Yugoslav frontier.

2. At present British and American Forces hold the Morgan Line. When the Peace Treaty with Italy is ratified the Allied Forces will withdraw behind the new Italo-Yugoslav frontier, the guarding of which will then become the responsibility of the Italian and Yugoslav authorities. Exact delimitation or final demarcation of the new frontier clearly cannot be completed before the Allied Forces withdraw and it is therefore necessary that both the Italians and Yugoslavs should agree upon a provisional line subject to later adjustment in accordance with the results of final delimitation.

3. His Majesty's Government in the United Kingdom propose that immediate arrangements should be made for a joint reconnaissance of the new frontier by representatives of the Italian and Yugoslav Governments under Four Power supervision in order that an interim

international boundary may be agreed before ratification of the Treaty. Since the United States Government, the Soviet Government, the French Government and His Majesty's Government all have responsibility in this matter, it is suggested that they should address appropriate notes to the Italian and Yugoslav Governments on the 18th February requesting them to appoint representatives for this purpose who should assemble in Trieste on the 28th February. His Majesty's Government are also anxious to enquire whether the United States Government would wish to provide a representative to serve on the Four Power Commission to supervise the temporary delimitation of the frontier. Any such representative should also arrive at Trieste not later than the 28th February.

4. His Majesty's Government consider this matter to be one of extreme urgency since if the frontier is not agreed by the time the Treaty enters into force considerable embarrassment would ensue. They would be grateful for a very early expression of the views of the United States Government on the foregoing. A similar communication is being made to the Soviet and French Governments.

WASHINGTON, 13 February, 1947.

740.00119 Control (Italy) / 1-1347

The Secretary of State to the Yugoslav Ambassador (Kosanović)

The Secretary of State presents his compliments to His Excellency the Ambassador of the Federal Peoples Republic of Yugoslavia and has the honor to refer to his note Pov. Br. 56 of January 13, 1947.

The Department has noted that the Yugoslav Government has protested against the removal of certain plant and industrial equipment by its owners from one part of Zone A to another part of Zone A of Venezia Giulia. The Yugoslav Government has also protested the removal to locations in Italy outside of Venezia Giulia of certain transportation equipment. In view of the fact that both actions are clearly permissible under the terms of the Duino Agreement,¹ and that that Agreement remains at the present time in full force and effect, the United States Government cannot accept the protest of the Yugoslav Government against these legitimate activities, nor can it agree to the request of the Yugoslav Government that further removals be suspended and equipment already removed be returned.

WASHINGTON, February 13, 1947.

¹ See footnote 2, p. 57.

865.014/2-1347 : Telegram

The Secretary of State to the Embassy in Italy

RESTRICTED

WASHINGTON, February 15, 1947—2 p. m.

228. In concert with your Soviet,¹ Brit² and French³ colleagues, pls inform FonOff on Feb 18 this Govt considers new Italo-Yugo frontier in accordance Art 3 Ital treaty shd be provisionally delimited by Ital and Yugo Govts prior withdrawal of Allied military forces from this frontier area upon coming into force of treaty. This provisional frontier would of course be subject to later adjustment in accordance with findings of Boundary Commission to be set up under Art 5 Ital treaty.

This Govt therefore proposes Ital and Yugo Govts appoint reps for joint reconnaissance of new frontier under auspices of US, UK, USSR and France.⁴ It is suggested that these reps should assemble at Trieste Feb 28.

(Sent Belgrade as 80 and Rome as 228, rptd for info to London as 770, Paris as 612 and Moscow as 251.)

MARSHALL

¹ Mikhail Kostylev.

² Sir Noel Charles.

³ Georges Balay, Chargé d'Affaires.

⁴ On the same day (February 15) by instruction 227 (79 to Belgrade) the Ambassador was directed, in concert with his British colleague, to make early arrangements for the transfer of administration from Allied Military Government to Italy or to Yugoslavia of those areas in Zone A of Venezia Giulia which would fall to each respectively (865.014/2-1347).

740.00119 Control (Italy)/2-1747 : Telegram

The Ambassador in Italy (Dunn) to the Secretary of State

SECRET

ROME, February 17, 1947—6 p. m.

367. At conference in Rome between General Lee¹ and allied officers from AFHQ and US and British Embassies, allied military authorities pointed out that Italian Government had protested against SAC's ban in matter of removal of machinery from Pola to other locations in zone A. It was recognized by military that in light of instructions contained Fan 724² embargo must now be lifted. They requested however, that US and British Embassies not inform Italian Government pending completion by military authorities in Pola of necessary precautions to insure maintenance of public order during period when removal by Italians of plant and machinery from Pola to else-

¹ Lt. Gen. John C. H. Lee, Commanding General, Mediterranean Theater of Operations, United States Army, and Deputy Supreme Allied Commander, Mediterranean Theater of Operations.

² Not printed.

where in zone A would take place. (Reference Caserta's 19 of January 27³). Both Embassies agreed.

In view General Harding's⁴ great concern and strong opposition to lifting of SAC's embargo, General Lee has now gone to Trieste to discuss personally with Harding manner in which he should comply with CC's [CCS?] instructions.

General Lee has indicated to us that he is disposed to request General Moore⁵ to make available US troops from 88th Division for duty in Pola to assist British in maintaining order during evacuation by Italians of their plant and machinery. He takes view that CC's [CCS?] instructions can and will be carried out.

Pending his return Embassy will continue to postpone formal approach to Italian Government directed in Department's 190, February 8. British Embassy is taking similar action.

I have already confirmed to Count Sforza that allied troops will remain in Pola until treaty comes into force and military, despite a reply to Italian Government refusing to lift ban on removal of plant and machinery, have informally advised Italians that their refusal is not last word and that further arrangements are under consideration.

DUNN

³ Not printed.

⁴ Lt. Gen. Sir John Harding, General Officer, Commander-in-Chief, Central Mediterranean Force.

⁵ Maj. Gen. Bryant E. Moore, Commanding General, U.S. 88th Infantry Division.

740.00119 Control (Italy)/3-747: Telegram

The Ambassador in Italy (Dunn) to the Secretary of State

SECRET

ROME, March 7, 1947—7 p. m.

498. Embassy has taken no steps to inform Yugoslavs of CCS decision on removal of plant and machinery from Pola and in reply to suggestion from British military at AFHQ that such action be taken, Byington¹ expressed opinion that notification might more properly be conveyed to Yugoslavs through normal channels by General Harding.

Since Yugoslavs previously protested removal of privately owned plant and machinery from Pola to elsewhere in Zone A, we may well expect that they will renew their protest (see Embassy's 443, March 1²). Following summary of recent Yugoslav activities may therefore be of pertinent interest in connection with any such protest: Italian

¹ Homer Morrison Byington, Jr., Deputy U.S. Political Adviser to SACMED.

² Not printed; in it Dunn reported that AFHQ had instructed General Harding to lift the ban on removal of plant and machinery to points within Zone A; and that he (Dunn) had informed De Gasperi of the decision by the Combined Chiefs of Staff (740.00119 Control (Italy)/3-147).

Government has informed Allied military authorities that Yugoslavs are removing installations of hospital owned by Italian Red Cross at Marino di Valdoltra (Capodistria). These installations are stated by Italian Foreign Office to be worth several hundred million lire and hospital which is at present occupied by Yugoslavs is situated in that portion of Zone B which will eventually become part of Trieste free territory. Allied military authorities feel they are powerless to do anything to assist Italians in this matter.

AMG VG has been informed that two Yugoslav lorries with ten mechanics went to the salt mines of Pirano (now Zone B also to be in free territory) with intention of taking away all machinery of that establishment.

Associazione degli Industriali of Trieste Province has protested to AMG that property in Zone B of the two largest concerns of canning food industry in Trieste are being subjected to a "pre-ordained striping". In addition, Cantieri Navali informed AMG that Yugoslav authorities have ordered its shipyards at Capodistria to launch for Yugoslav account two 200-ton vessels which were under construction. (For details re foregoing, see Cole's despatch No. 178 of February 13, 1947.³)

In despatch 175 of February 6,³ Cole⁴ reports further seizure of three Italian fishing vessels on January 8 and January 9, and eight schooners carrying furniture of evacuees from Pola on January 25 and 26, and subjecting another schooner to gunfire from Yugoslav vessel (we have brought this latter incident actively to attention of AFHQ in connection with their undertaking to provide naval protection for evacuees from Pola to Italy).

I believe Glasser and Unger would have further information on this subject.

DUNN

³ Not printed.

⁴ William Edward Cole, Jr., Representative of the U.S. Political Adviser.

865.014/3-1247 : Telegram

The Acting Secretary of State to the Embassy in the Soviet Union

RESTRICTED

WASHINGTON, March 12, 1947—7 p. m.

490. Pls inform FonOff this Govt feels Four Power Commission, under whose auspices Italo-Yugo provisional frontier now being delimited (Deptel 612 to Paris, 251 to Moscow Feb 15), shd extend its activities to supervise provisional delimitation Free Territory of Trieste frontiers to be established under Arts 4 and 22 Ital treaty.

If FonOff concurs, this Govt suggests US, UK, USSR and French diplomatic reps Rome and Belgrade be instructed propose to Ital and Yugo Govts Mar 17 that they appoint reps for reconnaissance and provisional delimitation of Italo-Free Territory and Yugo-Free Territory frontiers, respectively, with reps Allied Military Govt in Venezia Giulia. Reconnaissance shd begin immediately upon completion present provisional delimitation Ital-Yugo frontier.

(Sent Moscow as 490 and Paris as 945, rptd for info to Rome as 348 and Belgrade as 135.)

ACHESON

865.014/3-2847 : Telegram

The Acting Secretary of State to the Embassy in the Soviet Union

SECRET

WASHINGTON, March 28, 1947—8 p. m.

715. Moskco 33. For Cohen and Matthews. After period unusual calm characterized by relatively cooperative attitude Yugos towards Allied authorities situation VG again deteriorating. Mar 14 US truck stopped Pola road and personnel disarmed. Mar 16 first recurrence border incidents when 2 Brit soldiers captured by Yugos along Morgan Line. Soldiers released Mar 19 after maltreatment. Mar 17 five Yugos including rwy [railway] and Red Cross officials apprehended attempting abduct anti-Tito Slovenes to Zone B.¹

Re boundary commission work, Stilwell² reports serious Italo-Yugo disagreements, especially for areas near Gorizia and Mernice,³ adding that work northwest of Gorizia hampered by Slovene citizenry obviously inspired from outside. Stilwell concludes situation not now serious but could be if Itals start countermeasures.

Yugo rejection idea Four Power Boundary Commission might exercise arbitral function in Italo-Yugo provisional delimitation disputes now concurred in by USSR, and Stilwell reports Soviet rep supporting all Yugo positions whether logical or illogical with equal fervor. Dept not yet replied Yugo proposal that neither Ital or Yugo troops occupy area in dispute along provisional frontier upon ratification, since Dunn and Allied military in Italy disapprove Brit suggested reply to effect this was matter for settlement between Ital and Yugo Govts as provided all interested powers ratify treaty [apparent

¹ Telegram 9, March 20, from Trieste, not printed, reported that the five Yugoslavs were being held on the charge of assault and attempted abduction (865.00/3-2047).

² Lt. Col. Richard G. Stilwell, Military Adviser to the U.S. Ambassador in Italy; served as Secretary to the Supervisory Commission for the Four Power Temporary Boundary Commission in Venezia Giulia.

³ Mernice, probably means Mernico, a small place near Albana and Prepotto.

garble] US and UK intend withdraw their troops along frontier 48 hours after treaty comes into force. Allied military certain Allied withdrawal leaving vacuum would lead to serious disorders.⁴

No reply yet recd from USSR to Dept's proposal for provisional delimitation Free Territory frontiers (Deptel 490 Mar 12 to Moscow) but French Delegate Boundary Commission has informed Stilwell Yugos intend reject proposal if made to them. This alleged Yugo attitude seems indicate they are unprepared withdraw from Zone B areas to be incorporated Free Territory and raises question desirability of withdrawal Allied forces from Zone A regions in north to be ceded Yugos until Free Territory boundary fixed in south.

In view foregoing, and of Soviet delay instructing Gromyko re Trieste Governor you may wish consider desirability discussions with Soviets Moscow.

(Sent Moscow, rpt Rome as 442 Belgrade as 176 and London as 1402.)

ACHESON

⁴ In telegram 643, March 26, from Rome, not printed, Dunn reported that the military authorities were planning for a withdrawal from the frontier areas in 48 hours, but would make such a withdrawal only if the Italians and Yugoslavs had agreed in advance on a provisional frontier (865.014/3-2647).

860S.00/4-447 : Telegram

The Representative of the United States Political Adviser (Cole), at the Headquarters of Allied Military Government in Venezia Giulia, to the Secretary of State

SECRET

TRIESTE, April 4, 1947—5 p. m.

17. Impasse in present boundary commission raises practical matter of location frontier posts in disputed stations when US forces evacuate area. Despite fact Yugoslavs proposed neither Yugoslav nor Italian troops be allowed in these sections, it is to be assumed they themselves would not conform; even if complying with letter of such agreement influx of agents anticipated. Difficulties in securing provisionally agreed boundary keynote what will subsequently arise during work of final boundary commission. Convinced that what Yugoslavs gain provisionally, they are determined to retain permanently. Therefore, concurrence with Yugoslavs' proposal for vacuums out of question.

This cable 10 from Stilwell my suggestion re solution follows: We are assuming Yugoslav ratification treaty US troops withdraw per schedule inside all agreed sections provisional boundary. b. Where sections in dispute, US troops withdraw to and man US conception French line. On this line contacts will be made with Yugoslavs moving up. c. As soon as practicable thereafter (2-3 days), US troops to

be relieved by Italian frontier troops, and then proceed with planned phase out to Leghorn. *d.* Remarks. Critical point is that initial impact on our conception French line be between US and Yugoslav troops, not Yugo-Italians. Thus, simply withdrawing through Italians will not fill bill. Once US troops stabilize line by their presence thereon, Yugoslavs not likely subsequently to risk an overact to gain possession their provisional claims, since no sovereignty question involved. On the other hand, if Yugoslavs and Italians meet initially and brief scurry which resulted in Yugoslavs holding their claimed line would be written off as a misunderstanding, but Yugoslavs would be in physical possession [apparent garble]. British contention that it is strictly a matter for resolution by Yugoslavs and Italians understandable since no UK troops involved along [apparent garble] part of boundary. If flareup occurred as result initial contact of Yugoslavs and Italians, US would alone be responsible.

Repeated Rome 29.

Pass to War for Plans Operations. Not sent MTOUSA, although contents discussed with that HQ.

COLE

740.0011 EW (Peace)/4-747 : Telegram

The Ambassador in Italy (Dunn) to the Secretary of State

SECRET

ROME, April 7, 1947—7 p. m.

752. In personal and confidential letter Assistant Chief of Staff, G-5 ¹ has now informed De Gasperi, at direction of SACMED, that should Yugos fail ratify treaty, Anglo-American forces will remain in Pola and on Morgan Line (ReDeptel 322, March 6 ² and Fan 723 ³).

Letter points out that such action will call for complete cooperation of Italian Government in making necessary military facilities and privileges for maintenance of troops available, not only in Venezia Giulia but also across Italy to west Italy ports.

DUNN

¹ Col. Archelaus L. Hamblen (U.S.).

² The message under reference here is included in the documentation on the signature and ratification of the treaties of peace with Italy, Rumania, Bulgaria, and Hungary in volume III.

³ Not printed; in it the Combined Chiefs of Staff explained to SACMED that the Department of State and the British Foreign Office considered that the Anglo-American forces should remain on the Morgan Line in case the Yugoslavs failed to ratify the peace treaty. In this case Article 89 would become operative and the Venezia Giulia settlement would not come into force; and the United States and the United Kingdom would demand the withdrawal of the Yugoslav detachment from Zone "A". (740.00119 EW/2-847)

740.00119 Control (Italy)/4-1247: Telegram

The Acting Political Adviser (Greene),¹ at Leghorn to the Secretary of State

TOP SECRET

LEGHORN, April 12, 1947—10 p. m.

5. MTOUSA has shown me War Department's W 95575 of April 4² and W 95664 of April 7³ regarding possible reduction US troop strength by June 30 to 5,000 designated for Trieste. I have discussed following comments with the Ambassador who has also talked to General Lee and urges they be given most serious consideration.

Question whether MTOUSA forces can be reduced by June 30 is purely military but whether they should be involves serious political implications. I understand any substantial reduction from present forces would make it difficult to assure maintenance of law and order up to Morgan Line until treaty fully effective (see Fan 709⁴). Furthermore, if as contemplated in Fan 737⁵ and Deptel 322 March 6 to Rome⁶ Yugoslavs fail to ratify treaty, maintenance of *status quo* in VG, guarding against threats to internal security organized from outside and maintenance of law and order up to Morgan Line and in Pola after R Day difficult in any case will be practically impossible with only 5,000 troops US. Military authorities have told Italians they will stay if Yugoslavs do not ratify (Rome's 752, April 7 to Department) and Italians may well consider this an Allied commitment. I believe it of utmost importance that present and future missions as contemplated above not be prejudiced by untimely or premature withdrawal any part US troops.

Furthermore in face US reduction British would be faced with two alternatives: (a) maintain present British strength or (b) reduce proportionately so as to maintain present British-American troops ratio. I seriously question that we want to ask British to adopt (a) and attempt maintain present commitments and adoption by them of (b) can only mean substantive reduction of those commitments. In addition to question of our own relations with the British I suggest it would create most unfortunate impression in Italy and abroad if

¹ Joseph N. Greene, Jr., Acting United States Political Adviser to the Acting Supreme Allied Commander, Mediterranean Theater (Lee).

² Not printed; in it the War Department advised General Lee that because of the delay in ratification of the Peace Treaty with Italy it was necessary to consider reduction of U.S. troop strength to the 5,000 designated for Trieste (Defense Files).

³ Not printed.

⁴ Dated January 10, p. 54.

⁵ In Fan 737, March 12, not printed, the Combined Chiefs of Staff directed SACMED that, in case Yugoslavia failed to ratify the treaty, the role of the Anglo-American forces on the Morgan Line and in Pola would be: to maintain the *status quo* in Zone "A"; to guard against internal threats organized from the outside; and to maintain law and order in the area. (Defense Files)

⁶ See footnote 2, p. 68.

at this juncture we leave British holding the bag by returning troops to the US from Italy in advance of joint withdrawal to meet requirements of peace treaty.

Another consideration is that given the constant attention which we know Yugoslavs pay to our activities in VG any reduction in Allied forces might well lead to increased Yugoslav pressure there and even affect their decision on ratification.

In addition to VG operational commitments US troops also bearing share of civil functions incumbent on SAC as an Allied commander under armistice terms (such as DPs, supervision of Italian armed forces, etc.) and until treaty comes into force it is of most doubtful wisdom to leave British alone or even force complete discontinuance of these civil functions.⁷

Sent Department 51; repeated Rome 20.

GREENE

⁷ See also telegram F75932, April 14, from Leghorn, and exchange of letters between the State and War Departments dated April 23 and May 5, included in the documentation on the maintenance of democratic government in Italy, in volume III.

860S.00/4-1547: Telegram

The Representative of the United States Political Adviser (Cole), at the Headquarters of Allied Military Government in Venezia Giulia to the Secretary of State

SECRET

TRIESTE, April 15, 1947—5 p. m.

19. This is CA 14 from Stilwell. Delicacy of situation regarding provisional demarcation Italian-Yugoslav frontier suggests recapitulation of present *status quo*:

1. Yugo, from beginning, have refused to recognize that Big Four commission has anything except advisory capacity; they propose that disagreement between Italians and themselves be held over until council of ambassadors can proceed per article 5¹ of treaty and that

¹ Article 5 reads:

"1. The exact line of the new frontiers laid down in Articles 2, 3, 4 and 22 of the present Treaty shall be determined on the spot by Boundary Commissions composed of the representatives of the two Governments concerned.

"2. The Commissions shall begin their work immediately on the coming into force of the present Treaty, and shall complete it as soon as possible and in any case within a period of six months.

"3. Any questions which the Commissions are unable to agree upon will be referred to the Ambassadors in Rome of the Soviet Union, of the United Kingdom, of the United States of America, and of France, acting as provided in Article 86, for final settlement by such methods as they may determine, including, where necessary, the appointment of an impartial third Commissioner.

"4. The expenses of the Boundary Commissions will be borne in equal parts by the two Governments concerned.

in interim neither Italian nor Yugoslav troops occupy disputed areas.

2. In commission itself, Russian member² has supported Yugo thesis (1 above) while other three members, with concrete or implied backing of their governments, have maintained that commission must have arbitration powers to insure that complete line is provisionally demarcated prior to treaty ratification; all three oppose Yugo thesis of non-occupation of disputed areas pending final demarcation feeling that Yugos would not comply in spirit and disorders would result.

3. Russian member likewise has contended that all commission recommendations must be formulated by unanimous vote; other three members have disagreed in principle but have had to recognize his contention in fact.

4. Increasingly apparent that Yugo delegation considers this provisional demarcation actually the final one since Yugos insist on full application paragraph 5 article 5 readjustment to local economic and geographic conditions. Yugos foresee that Council of Ambassadors will be hamstrung on unanimity issue. Consequently our adherence to known intent of French line essential.

5. Commission reached unanimous recommendation on first disputed area northwest of Gorizia which generally supported Yugo argument. Italian delegation stated its willingness accept recommendation as binding if Yugo delegation would agree that all commission recommendations, subsequently to issue should be regarded as obligatory with respect "provisional" demarcation. Yugo delegation, in view previous statements, refused agree such principle. Thereupon, Italian delegation declined implement commission's sole recommendation pending instructions Italian Govt and addressed letter to commission requesting advice on commission's terms of reference and powers vis-à-vis two delegations.

6. Reference Italian delegation's letter, agreed reply doubtful because it concerns repetition of previously recorded divergent opinions regarding commission's powers. However, may be possible convince Russian to support Italian position that all recommendations are obligatory if we accede to his principle of unanimity in formulating recommendations.

7. Must be realized that reparation [*preparation?*] of agreed reply not likely insure settlement crucial Gorizia dispute because improbable Russian will veer from full support Yugo claims. Thus most that can be expected is resolution two or three men or disagreements. Con-

"5. For the purpose of determining on the spot the exact frontier laid down in Articles 3, 4 and 22, the Commissions shall be allowed to depart by 0.5 kilometer from the line laid down in the present Treaty in order to adjust the frontier to local geographical and economic conditions, provided that no village or town of more than 500 inhabitants, no important railroads or highways, and no major power or water supplies are placed under a sovereignty other than that resulting from the delimitations laid down in the present Treaty."

² Gaik Doulian, First Secretary, Soviet Embassy, Rome.

sequently whether or not reply formulated necessary have plan of action substantially along line Trieste's 17 to Dept (repeated Rome 29)³ or equivalent.

Sent Rome as 33, repeated Dept 19, Belgrade 30, Dept repeat to Moscow and pass to War Dept Plans and Operations.

COLE

³ Dated April 4, p. 67.

Defense Files : Telegram

*The Acting Supreme Allied Commander, Mediterranean Theater
(Lee) to the Combined Chiefs of Staff*

TOP SECRET

LEGHORN, 25 April 1947.

FX 76086 (Naf 1314). Naf 1308¹ and Naf 1313² refer.

1. My proposed plan for handover of the provisional boundary between Yugoslavia and Italy is as follows:

a. Immediately on ratification entire provisional boundary to be manned at road and track crossings by Allied Detachments after which Italian frontier guards to be allowed to come forward to them.

b. Allied Detachments of Morgan line to be withdrawn simultaneously, falling back without pause through Allied Detachments on provisional boundary. Arrangements to be made beforehand for Jugoslavs to follow up to new boundary and to establish their posts on it.

c. After time interval sufficient to allow all Italian and Yugoslav detachments to reach new boundary, Allied Detachments to withdraw simultaneously from it. These detachments would thus constitute the rear guard to all other Allied troops from Zone A and adjacent territory and would withdraw rapidly to assembly areas generally no less than 10 miles west of the new boundary.

2. I anticipate that in effecting this handover the leading Yugoslav troops may not accept the majority demarcation in disputed sectors and may be difficult elsewhere. I consider that a display of Allied Force will be necessary on the provisional boundary to act as a deterrent to the Jugoslavs.

3. I request your approval of my plan in paragraph 1 above. If you agree to this plan I request further approval of my specific instructions to use small arms fire in preventing penetration of the well marked boundary by individual Jugoslavs or minor groups in order that clear and definite instructions may be issued to Allied Detachment Commander who will be responsible for the physical handover.³

¹ FX 75936, April 14, not printed.

² FX 76089, April 25, not printed.

³ In telegram 63, April 26, from Leghorn, not printed, Acting U.S. Political Adviser Greene called the attention of the Department to General Harding's request for approval of his plan, and especially for authorization to resist any Yugoslav attempts to proceed beyond the agreed boundary (865.014/4-2647).

4. In the event of your agreement to the foregoing I recommend that if complete agreement on the provisional boundary proves unobtainable, the Yugoslav Government should be informed through normal diplomatic channels of our intention to use force if necessary in standing on the tentative boundary agreed by the majority of the nations participating in the provisional boundary agreement.⁴

[LEE]

⁴The Combined Chiefs of Staff responded in Fan 771, July 1, not printed, modifying slightly the proposals made in this telegram.

865.014/4-2847 : Telegram

The Ambassador in Italy (Dunn) to the Secretary of State

RESTRICTED URGENT

ROME, April 28, 1947—midnight.

976. After discussion with Yugo representatives, AMG Trieste has now submitted to G-5 section, AFHQ, proposed agreement between AMG and Yugo authorities for administrative handover to latter of areas now in zone A. ReDeptel 227 February 15¹ and Embtel 867, April 19.²

AMG also reports Yugo representatives refuse discuss handover with Italians, saying their instructions are to discuss with AMG.

Yugo position, and apparently similar Italian position, appear justified in view our invitation based on Department's 227 to discuss administrative handover with allied military authorities.

However, Fan 724, February 8, paragraph 7,³ instructs SAC that he is not responsible for putting into effect procedure finally agreed. G-5 reply to Italian proposal for handover of Pola reported in my 867 was based on these instructions. G-5 feels it cannot approve arrangements AMG has tentatively made with Yugos but has agreed to issue instructions suspending all action pending clarification of apparent conflict between instructions to SAC and representations made to Yugo and Italian Govts. Military authorities feel AMG as interim administrator has no right to act as principal if turnover of areas from one sovereign state to another.

Suggest Department should urgently either obtain amendment to paragraph 7, Fan 724, or authorize Embassies Belgrade and Rome to make further representations Yugo and Italian Govts insisting their delegates should negotiate directly through good offices AMG.

Repeated Belgrade 44.

DUNN

¹ See footnote 4, p. 63.

² Not printed; in it Dunn reported that the Italians had asked that AMG make the handover of Pola to the Yugoslavs (865.014/4-1947).

³ Not printed.

860S.00/4-2947

Memorandum by the Assistant Chief of the Division of British Commonwealth Affairs (Fales) to the Chief of the Division of British Commonwealth Affairs (Wailes)

[WASHINGTON,] May 7, 1947.

There is attached copy of an *Aide-Mémoire*¹ left by the British with General Hilldring,² stating that after June 30 they will no longer be able to pay for their share of civilian supplies now being furnished to the population of Udine and Venezia Giulia. The British add that they would be prepared to contribute their agreed share through the United Nations to the Free Territory of Trieste (which comes into being only after the Italian treaty is implemented).

At a meeting in General Hilldring's office on May 7, the following questions were raised:

1. Is the British position firm, or should we endeavor to obtain further British financial participation.

2. Should we suggest that the British provide commodities or participate financially on the basis of their UN contribution instead of the present fifty-fifty dollar basis.

3. Should the United States discontinue aid to the civilian population.

4. If the United States assumes one hundred percent of the civilian costs, do we desire that British troops remain and continue to share the policing responsibilities.

5. If the British troops remain, as they are apparently prepared to do, do we desire a change in the joint command from British to US.

6. Until the treaty is implemented and the Free Territory of Trieste is established under UN, there is no responsibility of UN. An agreement reached in Moscow provides that the Governor of Trieste (who is not yet appointed) can request the Secretary General of UN for funds to meet a deficit, but there apparently is no prospect of enlisting UN aid until the treaty is implemented.

Recommendation. The present arrangement of sharing the cost on the fifty-fifty basis covers the year 1947. In 1946 Britain paid one quarter of the cost. It is recommended that we go back at the British in an attempt to get them to agree to sharing the cost either on a one to four basis, or on some formula to be worked out on the basis of their UN contribution with reference to US contributions to UN. Their present contribution to UN is in the nature of three to our ten.

¹ Not printed.

² Maj. Gen. John H. Hilldring, Assistant Secretary of State for Occupied Areas.

Your views would be appreciated as General Hilldring will shortly call another meeting with a view to preparing a memorandum to the Secretary.³

HERBERT P. FALES

³ Handwritten notations at the end of this document read :

"J D H—I feel (1) It is our duty to the American taxpayer to make at least a small effort to get the British to contribute on the 1946 basis (about \$ 4 million) ; (2) If this fails, and I think it will, we should then assume the financial burden as we have in Greece ; (3) British troops should remain ; (4) Command of joint troops might be shifted to U.S. if our War Dept wants it. T[om] W[ailles]"

"I concur W[alter] D[owling]." "I concur J[ohn] D. H[ickerson]"

F.W. 865.014/4-1547

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

No. 1257

Moscow, May 12, 1947.

The Officer in Charge refers to Deptel 1089 April 28, 1947,¹ Embtel 1728 May 11, 1947,² and has the honor to transmit for the records of the Department the following copies of correspondence exchanged between the Embassy and the Soviet Ministry of Foreign Affairs in this connection :

Two copies of the translation of a letter from Deputy Foreign Minister Vyshinski to Ambassador Smith, dated May 6, 1947.

[Enclosure—Translation]

*The Deputy Minister for Foreign Affairs of the Soviet Union
(Vyshinsky) to the American Ambassador (Smith)*

Moscow, May 6, 1947.

DEAR MR. AMBASSADOR: I acknowledge receipt of your letter of April 30 regarding the delimitation of the frontiers of the Free Territory of Trieste. I have the honor to inform you herewith that in as much as the frontiers of the Free Territory of Trieste are defined and described in Articles 4 and 22 of the Peace Treaty with Italy, the Soviet Government considers that the exact lines of the new frontiers between the Free Territory of Trieste and Italy and also between the Free Territory of Trieste and Yugoslavia should be defined on the spot by frontier commissions consisting of representatives of the two interested Governments.

¹ Not printed.

² Not printed ; in this telegram Durbrow forwarded a translation of the substance of the Soviet note (860S.014/5-1147).

The Soviet Government considers furthermore that actions of representatives of the Four Powers or of competent Allied Military Authorities on the spot cannot be regarded as actions of representatives of the Free Territory of Trieste, all the more so, as the temporary Government Council of the Free Territory of Trieste has not yet been formed.

In view of the above stated considerations, the Soviet Government regards as inopportune the fixing of the beginning of the work of the commission for the delimitation of the above frontiers.

With regard to the procedure for the definition of the lines to which the Yugoslav and the Italian troops may move after ratification of the Peace Treaty with Italy, the Soviet Government after due consideration of this question will forward its ideas.

The Soviet Government's point of view in this matter has been communicated to the English and French Embassies in Moscow.

Accept [etc.]

A. YA. VYSHINSKI

865.014/5-1447 : Telegram

The Secretary of State to the Embassy in Italy

SECRET

WASHINGTON, May 19, 1947—4 p. m.

716. Dept and UK FonOff agree AMG responsible for administrative handover Ital and Yugo Govts areas Zone A Venezia Giulia which fall to those govts under peace treaty (ur 1152 May 14¹). G-5 have apparently misconstrued para 7 Fan 724 Feb. 8,¹ which states SACMED responsible for putting into effect procedure agreed upon.

Pls inform AFHQ, and request appropriate instructions be sent AMG.

MARSHALL

¹ Not printed.

Defense Files : Telegram

The Combined Chiefs of Staff to the Acting Supreme Allied Commander, Mediterranean Theater (Lee)

TOP SECRET

[WASHINGTON,] 20 May 1947.

WAR 98451 (Fan 756). Reference Naf 1313.¹

1. We understand that sequence of events is likely to be as follows :

(a) Completion of legislative action enabling Big Four to ratify. This has already been accomplished in the case of Great Britain and

¹ Not printed.

is expected to be accomplished by France and Soviet Russia by 15 May. Date of action by U.S. Senate is however still uncertain and may well not be until some time in June.

(b) Ratification by Yugoslavia and Italy. There is little reason to suppose that Yugoslavia will not ratify once Soviet Russia has. Italian attitude is still uncertain but there is good reason to hope that they will ratify as soon as U.S. Senate has approved American ratification.

(c) Deposit of ratification by Big Four thus bringing treaty into force. It may be considered desirable that all four ratifications should be deposited simultaneously but clearly no steps can be taken to fix date until after U.S. Senate has approved ratification. It will be necessary at that time also to consider whether Big Four should deposit their ratifications and bring treaty into force even though Italian and Yugoslav Governments may not have ratified. It may then be agreed that treaty should not be brought into force until Italy has ratified but that it should be brought into force even though Yugoslavia may not have ratified.

2. Reference your paragraph 1.

We agree with your interpretation of the words "maintenance of the *status quo*." We do not consider that it will be necessary to evict Yugoslav Detachment of 2,000 by force. You should therefore not plan for this eventuality.

3. Reference your paragraph 6.

It is considered that the necessary agreements with the Italian Government for the use of Italian territory after the treaty has come into force must be made between the Italian Government and the U.S. and British Governments respectively, but action in this respect will probably not be initiated until it is clear that the Yugoslav Government does not propose to ratify. Therefore you should take no action in this matter at present.

4. Reference your paragraph 7.

We agree that Allied command of the land forces must continue until both the treaty has come into force and Yugoslav ratification has been deposited, but we see no reason why the present AFHQ should not be abolished on R Day as agreed in Fan 719.

5. Reference your paragraph 9.

It is confirmed that the personnel and stores, which will be necessary to enable you to maintain your forces at a minimum strength of 8 British and 7 and one-half U.S. combat battalions until the treaty has come into force and Yugoslavian ratification has been deposited, will be provided.

Defense Files : Telegram

The Combined Chiefs of Staff to the Acting Supreme Allied Commander, Mediterranean Theater (Lee)

TOP SECRET

[WASHINGTON,] 28 May 1947.

WAR 99065 (Fan 759). Reference Naf 1286 Naf 1308¹ and Naf 1314.²

ITALY-YUGOSLAV BOUNDARY

1. We agree with your proposal in paragraph 3 of Naf 1308 to establish the French line, as recognized by U. S.-U. K.-French members, at all points of disagreement as the official provisional boundary upon which Italians will be allowed to stand as Anglo-American troops withdraw.

2. We also agree with your proposed plan in paragraph 1 of Naf 1314, for the handover of the provisional boundary. We note with approval that on ratification, the entire provisional boundary will be manned at road and track crossings by allied detachments after which Italian frontier guards will be allowed to come forward to them.

3. Points raised in paragraphs 2-4 of Naf 1314 will be subject of a separate message.

TRIESTE FREE TERRITORY BOUNDARIES

4. Your proposal in paragraph 5 of Naf 1308 is approved subject to the correction that the free territory will not be represented by A.M.G. but by those members of the Four Power Supervisory Commission who have agreed to co-operate. The Italian Government have been informed of this in a communication made to them by the British and American representatives in Rome on 5 May.

5. In the event of continued non-cooperation by the Soviet Government and the Yugoslavs, concurrence will be given to procedure outlined in paragraph 4 of Naf 1308. You will receive further instructions on this subject in the light of diplomatic representations now being made.

FAILURE TO RATIFY

6. Reference paragraph 6 of Naf 1308, we agree that if Yugoslavia fails to ratify before treaty comes into effect (i. e. by date on which last of four great powers deposits its ratification) there should be no withdrawal from the Morgan Line or from the Pola Enclave as previously instructed in Fan 723³ and Fan 737.⁴ The free territory will not be established until Yugoslavia ratify. However, in this event the ter-

¹ Neither printed.

² *Ante*, p. 72.

³ See footnote 3, p. 68.

⁴ See footnote 5, p. 69.

ritory west of the provisional Italy-Yugoslav and Italy-free territory boundaries would be handed over to the Italians provided Italy had ratified the treaty.

865.014/5-2147 : Telegram

The Secretary of State to the Embassy in Italy

SECRET

WASHINGTON, May 28, 1947—6 p. m.

787. If Yugos decline participate provisional demarcation FTT frontiers (ur 1241 May 21 ¹), Dept considers US, UK and France shd proceed with delimitation all frontiers of FTT in territory presently under AMG (Deptel 632 May 2 ²). You may advise FonOff informally of Dept's views, and express hope Itals will participate regardless of Yugo decision.

(Sent Rome as 787 rptd London as 2307 Moscow as 1239 Paris as 1950 and Belgrade as 348.)

MARSHALL

¹ Not printed.

² Department telegram 281, May 2, to Belgrade, repeated to Rome as 632, not printed.

740.0011EW/5-2947

Memorandum by the Special Assistant (McClintock) to the Director of the Office of Special Political Affairs (Rusk) to the Assistant Chief of the Division of Southern European Affairs (Dowling)

CONFIDENTIAL

[WASHINGTON,] May 29, 1947.

Subject: Selection of Governor for the Free Territory of Trieste

Ambassador Herschel Johnson on a visit to the Department last week-end expressed pessimism over the continued impasse in the Security Council, or at least among the Big 5 Members of the Security Council, in selecting a Governor for Trieste. His most recent suggestion was that possibly we should re-examine the field in Sweden with a view to finding some suitable candidate. It is requested accordingly that Mr. Cumming (NOE) ¹ give us the benefit of his views in this respect.

It has occurred to Officers of SPA that if the stalemate continues we may be forced to consider a Governor recruited from one of the Big 5. Since for obvious reasons a Soviet Governor would not be acceptable to the Anglo-Saxon side, nor would a British or American Governor possibly be taken by the Soviet side, a candidate could only be

¹ Hugh Smith Cumming, Jr., Office of Northern European Affairs.

found from the citizens of France or China. It is possible that Mr. Reber (WE) may have some views as to a possible French candidate. It seems doubtful if a Chinese Governor would prove acceptable to either the Yugoslav or Italian Governments.

I suggested to Ambassador Johnson recently in New York that possibly the American Red Cross if approached from a high level might assist us in suggesting a suitable candidate since the International Red Cross through its experience in handling emergencies and international projects may have a roster of capable administrators whose names have not come to our attention.

As a final suggestion I would put forward the request that names of suitable Dutch citizens again be considered, despite the fact that it seems possible that Moscow would not look with favor on a Governor who is a citizen of the Netherlands.

Defense Files : Telegram

*The Acting Supreme Allied Commander, Mediterranean Theater
(Lee) to the Combined Chiefs of Staff*

TOP SECRET

LEGHORN, 13 June 1947.

FX 76572 (Naf 1334). Reference Fans 720,¹ 739² and 743.³

1. General Airey with concurrence of General Moore plans publishing on R Day a proclamation if the governor of the Free Territory of Trieste has not taken office.

"Proclamation Number 1. To the people of the Free Territory of Trieste, British-United States Zone. Whereas by Article 21 of the Treaty of Peace between the Allied and Associated Powers and Italy which has now come into force, a Free Territory of Trieste has been constituted, and whereas, under Article 1 of Annex VII of the Treaty it has been provided that pending the assumption of office by the governor of the Free Territory, the said territory shall continue to be administered by the Allied Military Commands within their respective zones, I, therefore, T. S. Airey, Major General, Commander British and United States Forces, in order to implement the provisions of the Treaty of Peace, to hasten the establishment of the Free Territory and to ensure the welfare and safety of the population by preserving law and order have issued the following proclamation:

"2. Continuance of military government.

"1. Pending the assumption of office by the duly appointed governor of the Free Territory of Trieste all powers of government and administration in that zone of the Free Territory in which British and United States Forces are stationed as well as juris-

¹ *Ante*, p. 58.

² See footnote 4, p. 59

³ See footnote 5, p. 59.

diction over its inhabitants shall continue to be vested in me in my capacity of commander of the said British and United States Forces.

'2. An Allied Military Government of the British-United States Zone of the Free Territory to administer these powers under my direction is hereby continued.

'3. I hereby direct that all administrative and judicial officials and all other government and municipal functionaries and employees and all officers and employees of public, municipal or other services, shall continue in the performance of their duties, subject to such directions as may from time to time be issued by me or by officers designated by me for that purpose.

'4. All existing laws, decrees and orders in force in the British-United States Zone on the date of this proclamation shall remain in force and effect except as abolished or modified by Proclamation Number 2 which is promulgated herewith and except in so far as I may, from time to time, change or supercede them. The words "Allied Forces" which appear in such laws, decrees and orders shall be interpreted as referring to the British and United States Forces stationed in the zone. (Signed) T. S. Airey, Commander, British and United States Forces, Allied Military Government, British-United States Zone, Free Territory of Trieste.' "

3. Proclamation Number 2, referred to in subpara 4 of Proclamation Number 1 accomplishes the reform or repeal of certain of the more drastic provisions of the present regime and General Airey is desirous of drawing attention to these reforms in his first proclamation of military government after establishment of the Free Territory.

4. I have approved the draft which will be published as stated above unless I receive from Combined Chiefs of Staff instruction to the contrary or modification.⁴

[LEE]

⁴ In WAR 81138 (Fan 769), June 28, not printed, the Combined Chiefs of Staff informed General Lee that they had no objection to the proposals made by General Airey in Naf 1334 (Defense Files).

740.00119 EW/5-1447

The Secretary of State to the Yugoslav Ambassador (Kosanović)

The Secretary of State presents his compliments to His Excellency the Ambassador of the Federal People's Republic of Yugoslavia and has the honor to refer to his note Pov. No. 766 of May 14, 1947,¹ concerning the matter of outstanding questions relative to the disposition of war booty claimed by the Yugoslav Army in Zone A of Venezia Giulia.

¹ Not printed.

The United States Government is in full accord with the Yugoslav Government in desiring a final and satisfactory solution of this matter at the earliest possible moment. While the most careful consideration has been given to the views of the Yugoslav Government concerning the matters still remaining in dispute, the United States Government regrets that it cannot fully agree with those views and remains of the opinion that the disposition of war booty must be governed by the principles set forth in the Department's note of March 5, 1947.²

In the Department's note of March 5, 1947, the Yugoslav Government was informed that the Supreme Allied Commander had full authority to resolve remaining problems concerning war booty disposal in consultation with competent Yugoslav military authorities. Concurrently it was stated that it was believed that no useful purpose would be served by appointment of a special representative to deal with the problem. In view of the further request of the Yugoslav Government the United States Government is now agreeable to the establishment of a special commission in accordance with Paragraph 2, Annex F of the Duino Agreement³ for the specific purpose of exploring still further every possibility for settlement of remaining war booty problems.

Accordingly, the United States Government has agreed to the designation of a representative, or representatives, of the Supreme Allied Commander, in association with his United States and British Political Advisers, to constitute the United States-British representation on the special commission.⁴ These representatives have been instructed to initiate direct negotiations with the Yugoslav Liaison Officer at Trieste for the purpose of establishing the special commission.

WASHINGTON, June 18, 1947.

² Not found in Department of State files. The note, however, is summarized in Department telegram 13, March 5, to Caserta, not printed (740.00119 EW/3-547).

³ Appendix F, "War Booty," stipulated in paragraph 2:

"It is agreed that appropriate machinery must be set up to determine at the earliest possible moment Yugoslav claims respecting war booty. In view of the apparently complicated nature of the cases presented, the nature, constitution and powers of any commission or other tribunal which may be established to consider these matters will be reserved for later agreement upon fuller examination of the types of cases involved." (Roll 342-C, Microfilm Records of Allied Force Headquarters, NARS, Alexandria, Virginia)

⁴ Department telegram 50, June 18, to Leghorn, not printed, directed AmPolAd to serve on a commission to dispose of the remaining war booty problems. It was "presumed that SAC has already turned over all war booty eligible under his instructions" and "it is contemplated that creation of commission, in response to repeated Yugo requests, will serve only to afford opportunity to re-examine general problems and explore all possible solutions and also explain thoroughly to Yugos US-UK position." (740.00119EW/3-547)

501.BC/6-2047 : Telegram

*The United States Representative at the United Nations (Austin) to
the Secretary of State*

[Extract]

RESTRICTED

NEW YORK, June 20, 1947—9:46 p. m.

SECURITY COUNCIL (144th Meeting)

590. In a closed meeting June 20, the Council was brought up to date on conversations among the permanent members regarding candidates for the Governor of Trieste. The SC directed the Secretariat to draw up a list of nominees mentioned, with statements of their occupational backgrounds, to which any SC member could make additions. Statements of qualifications of the candidates will not be included in the list, but will be communicated orally at private meetings.

Cadogan (UK) reviewed the informal meetings of the permanent members since February, outlining the attitudes expressed on candidates mentioned. Egeland of South Africa remained first choice of the UK. Cadogan remarked that Nordenskjold of Sweden was supported by UK, US, China and France, but Chairman Parodi (France)¹ corrected him, stating he had not expressed his support. Cadogan reported Guisan had indicated definitely he could not accept the position, and reviewed UK objections to the Soviet-sponsored candidates—Branting² and Wold.³ He said he had not yet received instructions about DeJean,⁴ French ambassador to Czechoslovakia, nominated by the USSR June 16, but that he was under the impression that all agreed it would be better not to select a national of the permanent SC members. If this were not the case, it would open up a “new and large field”.

Stressing the qualifications of Azcarate—a “well-known Spanish democrat”—Chairman Parodi said the SC should look first to personal qualifications rather than to nationality. Hodgson (Australia)⁵ thought the caliber of the candidates mentioned to date did not seem, “on the whole,” very high. He felt the Council should choose the most competent person available, regardless of nationality. In reply to a

¹ Alexandre Parodi, Permanent French delegate to the Security Council.

² Georg Branting, Swedish Senator and lawyer.

³ Terje Wold, Norwegian Minister of Justice, 1939–1945.

⁴ Maurice Dejean, French Ambassador to Czechoslovakia, 1945–1949.

⁵ William Roy Hodgson, Australian Minister to France since March 1945; member of U.N. Security Council, 1946.

question by Hodgson, ASYG Sobolev ⁶ said Buisseret ⁷ of Belgium was the only man officially suggested to the SYG.

Also in reply to a question by Hodgson, Johnson explained that there was no hard and fast agreement that nationals of the permanent members would be excluded from consideration. He believed there was a feeling, however, that since the Governor would be responsible to the SC and under its detailed direction, it would be preferable that the Governor not be a national of these five Powers. But, after exhausting all possibilities for agreement on such candidates, it might be necessary later to enlarge the field of choice. He agreed that personal qualifications should be the primary consideration, but this did not mean that other considerations should be excluded. Johnson noted that in the beginning, to be helpful and for no other reason, the US suggested five names, among whom it had no preferences. He stressed, however, that the US had not yet officially presented a single candidate. Johnson differed with Hodgson's assertion that none of the candidates mentioned to date were outstanding. From personal knowledge, he said, he knew two or three would be excellent choices and entirely loyal to the SC, whose servant they would be.

Hodgson felt Sandstrom should remain under consideration, but Cadogan thought Sandstrom would be busy with the Palestine Inquiry Committee probably until November and he hoped the Treaty with Italy would be in force before then. In reply to a question by Hodgson, Gromyko (USSR) said candidates rejected by the Soviet Union undoubtedly were "good people," but did not possess the necessary qualifications for such an important "political and administrative" post. Parodi stressed that the Governor would need strength of character, high moral qualifications, and ability as a negotiator and conciliator. The Council agreed with Parodi's suggestion, made earlier by the Syrian representative, that the Secretariat prepare a confidential list of candidates mentioned to date. Those who would not be available even if chosen, however, would not be included on the list. Johnson expressed the serious hope that all SC Members would consult their governments to produce names of qualified candidates. The Council agreed that new nominees would be incorporated in this list.

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AUSTIN

⁶ Arkady Alexandrovich Sobolev, of the Soviet Union, Assistant Secretary General of the U.N., in charge of the Department of Security Council Affairs, 1946.

⁷ August Buisseret, Belgian Minister of the Interior, March 1946.

760H.65151/6-2847 : Telegram

The Chargé in Yugoslavia (Cabot) to the Secretary of State

BELGRADE, June 28, 1947.

727. Embassy received today following note in translation No. 411556 June 27 from Foreign Office:

"Govt FPRY has been informed organs of Anglo-American Military Administration for zone A, have begun work of delimiting frontier between FPRY and FTT and likewise of establishing frontier lines.

FPRY protests this unilateral procedure which is in complete contradiction with peace treaty with Italy and with the agreement for the provisional delimitation frontiers between FPRY and FTT, an agreement the initiative for which came precisely from the US, Great Britain and France.

In disapproving this unilateral measure the govt FPRY asks that the work touching upon this arbitrary delimitation of frontier be immediately stopped and declares it will take no account of any work which has been done without its participation."

Sent Dept as 727, repeated Rome 69.

CABOT

 Defense Files : Telegram

The Acting Supreme Allied Commander, Mediterranean Theater (Lee) to the Combined Chiefs of Staff

SECRET

LEGHORN, 14 July 1947.

FX 76858 (Naf 1347).¹ 1. 5 members of A Company KRRC inadvertently wandered into Zone B while returning from a parade at Cebidil (885915) to road post 32 (853981) at about 1500 hours on 16 June 1947.

	Member	Number
RFN	Arnold, J.	14 462 377
RFN	Jones, J.	14 488 463
RFN	Lee, G.	14 477 541
RFN	Minsey, A.	14 465 97-
RFN	Whittingham, J.	14 472 940

2. Civilians reported that the men had been arrested in the area of Duino (8719582) in Zone B and on morning of 17 June Yugoslav Commander of road post at MR 582939 certified that the men were in Yugoslav hands.

¹ In telegram 124, July 15, from Leghorn, not printed, Acting Political Adviser Greene called the attention of the Department to Naf 1347 (740.00119 Control (Italy)/7-1547).

3. On 19 June a letter reporting their disappearance was sent to the Yugoslav Military Mission. A reminder was sent on 1 July asking for the immediate release of these men. Neither of these letters has as yet been answered.

4. I request that the United States State Department and the British Foreign Office be asked to take appropriate action through diplomatic channels to obtain their release.

[LEE]

860S.00/7-1747

The British Embassy to the Department of State

CONFIDENTIAL

Ref: G. 9/ /47

AIDE-MÉMOIRE

TRIESTE

The British Ambassador in Rome has received an *aide-mémoire* from the Italian Ministry of Foreign Affairs of which the following is a summary: ¹

The Italian Government consider that the clauses of the Treaty about Venezia Giulia are an indivisible whole so that their execution by Italy must depend on simultaneous execution by the Americans. Allied authorities have taken all measures (a) necessary for the transfer of territory ceded to Yugoslavia on the entry into force of the Treaty and (b) relating to the situation as between the Free Territory and Italy. But corresponding measures for other aspects of the Treaty, notably those relating to the situation between the Free Territory and Yugoslavia, have not been taken. In particular, no agreement has yet been reached for the provisional delimitation of the future Yugoslav-Free Territory frontier, nor for making that frontier effective, nor for the carrying out of Article 5, Annex VII, which lays down that on the entry into force of the Treaty Yugoslav troops in the Free Territory shall not exceed 5,000.

In inviting their most serious attention to the above the Italian Government urgently request the British and United States Governments to examine the possibility of maintaining their administration in that part of Zone A which is awarded to Yugoslavia by the Treaty after its entry into force until necessary agreements have been reached and measures taken to render operative principal clauses—more specifically those referred to above—relating to the Free Territory.

In making this request the Italian Government emphasised that their motive is only in the general interest to avoid as far as possible any chance of future trouble. The *aide-mémoire* concludes by referring to the legitimate expectation of the Italian people that in accepting the severe and painful territory clauses of the Treaty they can be assured that the interests of that part of the national territory and

¹ In telegram 1916, July 10, from Rome, not printed, Ambassador Dunn reported receipt by the U.S. Embassy of the same memorandum on July 8 (860S.00/7-1047).

of its population which is being separated from the Mother Country and incorporated in the Free Territory will be completely safeguarded.

2. The British Foreign Secretary's view on the matter raised by the Italian Government is that, while it is possible that the Yugoslavs may give cause for complaint in the execution of the Treaty, the United States and British Governments should avoid putting themselves in the wrong first. Quite apart, therefore, from the general principle that His Majesty's Government must implement Treaties, Mr. Bevin is not prepared to accept the Italian suggestion that there should be delay in the implementation of those clauses of the Peace Treaty which are of benefit to the Yugoslavs until such time as they have fulfilled their obligations to the satisfaction of the Italian Government.

3. Mr. Bevin therefore proposes to reply as follows:

"Once the Treaty has been brought into force His Majesty's Government will feel bound faithfully to carry out all its provisions. Unless the Yugoslavs have failed to ratify and thus forfeit their rights under Article 89 there can be no possible question of His Majesty's Government refusing to evacuate the territory to be ceded to Yugoslavia or of suspending the entry into force of any other provision. If the Italian Government then consider that the Yugoslavs are failing to fulfil their obligations, they should make a complaint as provided for under Article 83; and should the complaint be justified they may count on the full support of His Majesty's Government."

4. The British Embassy in Washington have been asked by the British Foreign Secretary to find out whether a similar approach has been made to the United States Government, and if so whether they agree to a reply on the above lines.

WASHINGTON, 17 July, 1947.

860S.00/8-2147: Telegram

The Acting Political Adviser (Greene), at Leghorn, to the Secretary of State

SECRET

LEGHORN, August 21, 1947—8 p. m.

148. G-5 has now replied on question of relations between free territory and Italy prior assumption of office by Governor (my telegram 132, July 24, repeated Rome 62, Belgrade 24¹) that various annexes of peace treaty appear provide for most problems and therefore G-5 does

¹ In this telegram, not printed, Greene reported that the military authorities had raised the question of relations of the Allied administration of the Free Territory with Italy and Yugoslavia pending the arrival of the Governor, Greene had opined that it was for the Governments to settle such matters through diplomatic channels rather than for AFHQ. Greene further offered the view that it was for the Governments to decide whether or not the Duino and Belgrade Agreements lapsed with the treaty's coming into force. (860S.00/7-2447)

not consider that any action along lines I had suggested is desirable. Since General Airey is now establishing planning board in Trieste to consider all aspects of problems which will confront him as Governor Anglo-American zone I shall let matter rest there for time being.

Re Duino agreement I learned during recent visit to Trieste that British Treasury had instructed GHQ that since Duino agreement terminates when treaty in force and Yugoslavs have ratified, GHQ should continue provide services which may be required by Yugoslav personnel stationed in Anglo-American zone of free territory only against payment in sterling. GHQ wrote Yugoslav military mission accordingly on July 4 and on July 19 Yugoslav Fourth Army replied expressing agreement that Duino agreement lapses when Italian treaty in force. In these circumstances it would appear that question of determining when Duino agreement lapses no longer arises. Recent British Embassy Washington telegram to Foreign Office repeated to my British colleague attributes to Department view that Duino agreement lapses *in toto* with armistice regime when treaty comes into force.

Same telegram which was stated had been based on discussion with British Embassy of my 132, reported Department feels General Airey should have full powers as provisional governor when free territory established. Presume that if Department's view correctly reported, Department was referring only to General Airey's powers in Anglo-American zone. In any case prior to seeing this telegram I had told General Airey and others concerned that I concur in assumption that intent of Article I Annex 7 of Treaty is that Yugoslavia will administer their zone while General Airey administers Anglo-American zone (as directed in Fan 720²) and will not be under his command. General Airey envisages that he and the Yugoslav commander in the first [*free?*] territory will settle matters which affect their respective zones on an *ad hoc* and provisional basis until Governor arrives. Grateful for Department's comments on foregoing.

Sent Department 148; repeated Belgrade 27, Rome 69.

GREENE

² *Ante*, p. 58.

Defense Files : Telegram

*The Acting Supreme Allied Commander, Mediterranean Theater
(Lee) to the Combined Chiefs of Staff*

SECRET PRIORITY

LEGHORN, 3 September 1947.

FX 77293 (Naf 1361).¹ 1. In order to make clear his interpretation of his status as Commander of the British-United States Zone of the

¹ A copy of this message was forwarded to the Department on September 8 as an enclosure to SWN-5678 (860S.00/9-847).

Free Territory of Trieste, until Governor assumes office and the principles on which military government policy is based, General Airey has issued a directive to Senior Civil Affairs Officer for distribution to his officers in Trieste. At request of General Airey as a matter of urgency I am transmitting for your information the substance of this directive:

"1. On termination on R Day of Italian sovereignty, the Security Council will become the theoretical apex of the political structure of the FTT. They have however, found it necessary, until the Governor assumes office, to delegate their powers to the governments whose armed forces are now occupying the respective zones and who are alone empowered to give directions to the zone commanders through whatever channels they consider appropriate. In case of British-United States zone it has been agreed that such directions are to be issued by Combined Chiefs of Staff. It is therefore assumed that Security Council are prepared to accept an administration based on the *status quo*. Allied Military Government in British-United States zone will in fact be a trustee and caretaker administration, basing its conduct as far as possible on the expression 'continued' in Article 1 of Annexure 7 of the Peace Treaty. It may well be that certain inconsistencies with the provisions of the Peace Treaty may arise during the military government period. This will, however, be inevitable and can only be remedied by the early assumption of office by the Governor.

"2. Military government policy will therefore be regulated by the following broad conditions:

"a. The Zone Commander will no longer be bound by the armistice or by the Duino Agreement.

"b. He will not be bound to give effect to any of the provisions of the permanent statute or other dispositions of the Treaty or the annexures thereto. On the contrary, he intends to avoid creating any precedent which would limit the future freedom of action of the Governor and of the provisional government of the FTT considered as a whole.

"3. Arising out of condition 2 b, no changes in existing policy or practice will be introduced which are not:

"a. Imposed by the fundamental change in the status of the zone.

"b. Dictated by economic and financial necessity with a view at least to preventing the further deterioration of the territory's situation and to encouraging such use of the Port of Trieste, including the existing free port, as the limited means available allow.

"c. Obviously required for the well-being of the people of the zone and inherently reasonable and capable of realization without infringing the above conditions."

2. My comments as Acting SACMED will follow after consulting my political advisors.

[LEE]

FW 865.014/9-1047 : Telegram

*The Acting Supreme Allied Commander, Mediterranean Theater
(Lee) to the Combined Chiefs of Staff*

TOP SECRET

LEGHORN, 7 September 1947.

FX 77329 (NAF 1365).¹ 1. The execution of a smooth and orderly handover will entail careful preparation and minute instructions from GHQ CMF to the Italian and Yugoslav commanders.

2. If it is necessary to await confirmation on R minus 3 from the US/UK Ambassadors at Belgrade and Rome that the appropriate communications have been made before parallel action can be taken by GHQ CMF with the land force commanders, much valuable time will be lost.

3. Unless you instruct me to the contrary I propose to proceed with the instruction contained in Fan 779² on the morning of R minus 3 on the assumption that the diplomatic communications will have been made at that time.

[LEE]

¹ A copy of this message was, at the request of the Joint Chiefs of Staff, forwarded as SWN-5688 to the Department of State on September 10 (865.014/9-1047).

² WAR 83708 (FAN 779), August 7, not printed. It explained that the Yugoslav and Italian Governments were to be notified of the arrangements for the turn-over of the new provisional boundaries only 3 days before the deposit of ratifications (Defense Files).

860S.00/7-2447 : Telegram

*The Secretary of State to the Office of the United States Political
Adviser at Leghorn*

SECRET

WASHINGTON, September 8, 1947—6 p. m.

83. Reurtels 132 July 24¹ and 148 Aug 21, Dept agrees Duino and Belgrade Agreements terminate upon coming into force treaty and deposit Yugo ratification. Commanders US-UK Zone and Yugo Zone will administer Territory respective zones in accord Art 1 Annex VII Ital treaty, and Commanders must carry out treaty provisions possible. Dept also of opinion interzonal problems shd be settled by negotiations with Yugo Commander on *ad hoc* and provisional basis. Discussions these matters with UK FonOff continuing and you will be informed of decisions reached.

Dept studying problem relationship US-UK commander to SC as well as provision for establishment closest political guidance for com-

¹ See footnote 1, p. 87.

mander. Dept presumes you and Joyce being consulted political aspects all problems considered Gen Airey's planning board.²

Sent Leghorn 83, rpt Rome 1633, Trieste 26, Belgrade 599.

MARSHALL

² In telegram 164, September 10, from Leghorn, not printed, Acting U.S. Political Adviser Greene reported that he had communicated the substance of the first paragraph of this telegram to the military authorities, and that he was informing them that General Airey's directive, Naf 1361 of September 3 (*ante*, p. 88), was satisfactory. But the second paragraph was not understood because as directed in Fan 761 there would be no SAC and no AFHQ after "R" day. (860S.00/9-1047)

WAR 99242 (Fan 761), June 2, not printed, specified in paragraph 1: "Dissolution of AFHQ on "R" Day terminates Combined Command arrangements as regards Allied Forces in Italy, except for Trieste. Provisions for liquidation of residual Allied functions will be on a national basis." (Defense Files)

In telegram 1044, September 12, from Belgrade, not printed, Ambassador Cannon reported that Velebit informed him that he expected the transfer of jurisdiction in the areas of Venezia Giulia to take place within the next few days, but that the Yugoslav Government had not been informed of the procedures for orderly exchange. Cannon interpreted the Department's instruction (599 to Belgrade) to mean that appropriate provisions were being made, but learned from the British Ambassador that everyone was cooperating except the Yugoslavs whose delegation had returned from Trieste to Belgrade for lack of instructions. (860S.00/9-1247)

740.00119 Control (Italy)/9-S47: Telegram

The Secretary of State to the Embassy in Belgrade

CONFIDENTIAL URGENT WASHINGTON, September 10, 1947—6 p. m.

604. You shd immediately present energetic protest to FonOff concerning the following unwarranted actions of detention and instances of maltreatment of Allied mil personnel by Yugo auth:

On 20 Aug 1947 SACMED reported that five riflemen of A Company, 1st Battalion, King's Royal Rifle Corps, who were seized on 16 June in the area of Duino in Zone B and were returned to Zone A on 19 July, suffered serious maltreatment while detained by the Yugos in that they were detained without justifiable reason from 16 June to 19 July; that they were confined to a room lacking sanitary toilet facilities; that no or insufficient exercise periods necessary for the maintenance of good health were permitted; and that the food was inadequate and inedible. Upon their release by the Yugos, all five soldiers were hospitalized with gastroenteritis and one also with typhoid fever attributable to the bad food and water given them during confinement. SACMED also referenced an incident occurring on 1 March in which a Brit officer was disarmed, undressed and searched.

SACMED further reported that a US Army officer and a US Army enlisted technician were forcibly seized while fishing on the Isonzo

River near Plezzo on 9 Aug. It has not been established whether the seizure was effected in Zone A or B, and it probably will not be established until these personnel are released.

On 21 Aug, SACMED reported that two Brit seamen from HMS *Ajax* were apprehended in the Pola area on 1 Aug presumably after having entered Zone B on their own initiative, and that three Brit soldiers of the 2nd South Lancashire Regiment were arrested in the area of Albano Vescova while on patrol on 2 Aug. It is believed the Brit soldiers were in Zone A when arrested but is impossible to confirm this until the return of the patrol. The disappearance of the seamen and soldiers was reported to the Yugo Mil Mis on 5 Aug and 6 Aug, respectively, both without result.

On 4 Sept SACMED further reported the seizure of two Brit soldiers by the Yugoslavs in the vicinity of Pola on 21 Aug.

You shd protest in strongest terms these unwarranted actions by Yugo auth and demand the immediate release of all US-UK mil personnel in Yugo custody.

The Dept intends to give the fullest publicity to this protest and to subsequent news of related developments.

Your Brit colleague will also receive instructions to present similar protest. However, you shd not await his action before making above urgent representations on the part of US.

Sent Belgrade as 604; repeated to Leghorn as 85.

MARSHALL

501.BC/9-1047 : Telegram

The United States Representative at the United Nations (Austin) to the Secretary of State

CONFIDENTIAL

NEW YORK, September 10, 1947—10:15 p. m.

826. Following is report of the SC Subcommittee on Trieste governorship candidates. Report dated September 10, signed by Hodgson (Australia) as chairman:

"On behalf of the Subcommittee, composed of the representatives of Australia, Colombia, and Poland, appointed by the SC at its 155th meeting on 10 July, 1947 to collect additional information about the candidates proposed for the post of Governor of Trieste, I have the honor to submit the following report:

The Subcommittee held two meetings, on 10 July and 4 September 1947, and took steps to obtain as complete information as possible on the following candidates which had been proposed to the SC:

Mr. August Buisseret (proposed by the representative of Belgium)

Mr. Leif Egeland (proposed by the representative of the UK)

Lt. General Bengt C. Nordenskiöld (proposed by the representative of the US)

Justice Alfred Emil Fredrik Sandstrom ([proposed by the representative] of the US)

Mr. Pablo de Azcarate y Florez (proposed by the representative of France)

Mr. Georg Branting (proposed by the representative of the USSR)

Mr. Terje Wold (proposed by the representative of the USSR)

Mr. Maurice Dejean (proposed by the representative of the USSR)

Mr. Ricardo Alfaro¹ (proposed by the representative of Colombia)

Dr. Joaquin Fernandez y Fernandez² (proposed by the representative of Colombia)

Dr. Luis Padilla-Nervo³ ([proposed by the representative] of Colombia)

Mr. Jorge Prado⁴ (proposed by the representative of Colombia)

On 2 September 1947, the representative of the UK submitted to the Subcommittee the names of the following two additional candidates: Col. Flückiger⁵ and Mr. Theodor Broch.

The information collected by the Subcommittee on these candidates is submitted as an annex to this report. (Annex not attached to USUN copy).

On the basis of this information and in compliance with the wishes expressed by members of the council during the discussion, the Subcommittee studied the possibility of recommending to the SC one or more candidates who in its view, would be best suited for the post. In this respect, the original list of candidates to whom objections had been made or indicated by one or more permanent members of the SC was first examined. The Subcommittee assumed that these objections still held and, therefore, felt that little purpose would be served by recommending any name from this list.

Thus the Subcommittee had left for consideration the following names: Buisseret, Alfaro, Fernandez y Fernandez, Padillo-Nervo, Prado, Flückiger, and Broch.

The Subcommittee had no objections to any of these candidates. However, it reached the unanimous conclusion, without attempting to restrict its choice to one candidate, that Messrs. Buisseret, Fernandez y Fernandez, and Broch were best suited for the post, and recommends these names for the consideration of the SC."

AUSTIN

¹ Panamanian Minister of Foreign Affairs.

² Foreign Minister of Chile.

³ Permanent Representative of Mexico at the United Nations.

⁴ Peruvian Ambassador to the United States since 1946.

⁵ Hermann Flückiger, Colonel in the Swiss Army.

740.00119 Control (Italy) / 9-1147 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

CONFIDENTIAL

BELGRADE, September 11, 1947—8 p. m.

1040. At 7 o'clock handed personally to Velebit note based on Deptel 604, September 10 received here at 5:15 this evening.

I emphasized importance we attach to matter, but after glancing at note he said he would give it immediate attention then laid it aside and tried to turn conversation to casual matters.

I said we need not at the moment examine the details of the several cases cited but requested him in my presence to note again the two last paragraphs of the note which he did. He said he would undertake the necessary inquiries at once.

He then referred to a Yugoslav complaint of a similar kind, details of which had already been given in note to British Embassy. He instructed Prica¹ who was present at interview to write a similar note to US tomorrow. I said I would of course start it in action but must again most firmly declare that on this occasion I would discuss nothing more than the present note to which my government attaches immediate importance.

Note gives verbatim 2nd, 3rd, 4th and 5th paragraphs of Deptel introduced by: "Embassy of USA presents compliments Yugoslav Minister Foreign Affairs and, under instructions for [from] its government, has the honor to make formal and energetic protest concerning the following unwarranted actions of detention and instances of maltreatment of allied military personnel by Yugoslav authorities.["]

Last two paragraphs read

"The Secretary of State of US has instructed Embassy to protest in strongest terms these unwarranted actions by the Yugoslav authorities and to demand the immediate release of all US and UK military personnel now in Yugoslav custody."²

["]In view of the seriousness with which the US Government regards this matter, the Embassy trusts that the Minister Foreign Affairs will keep it promptly and fully informed of the action of the Yugoslav Government in this matter.

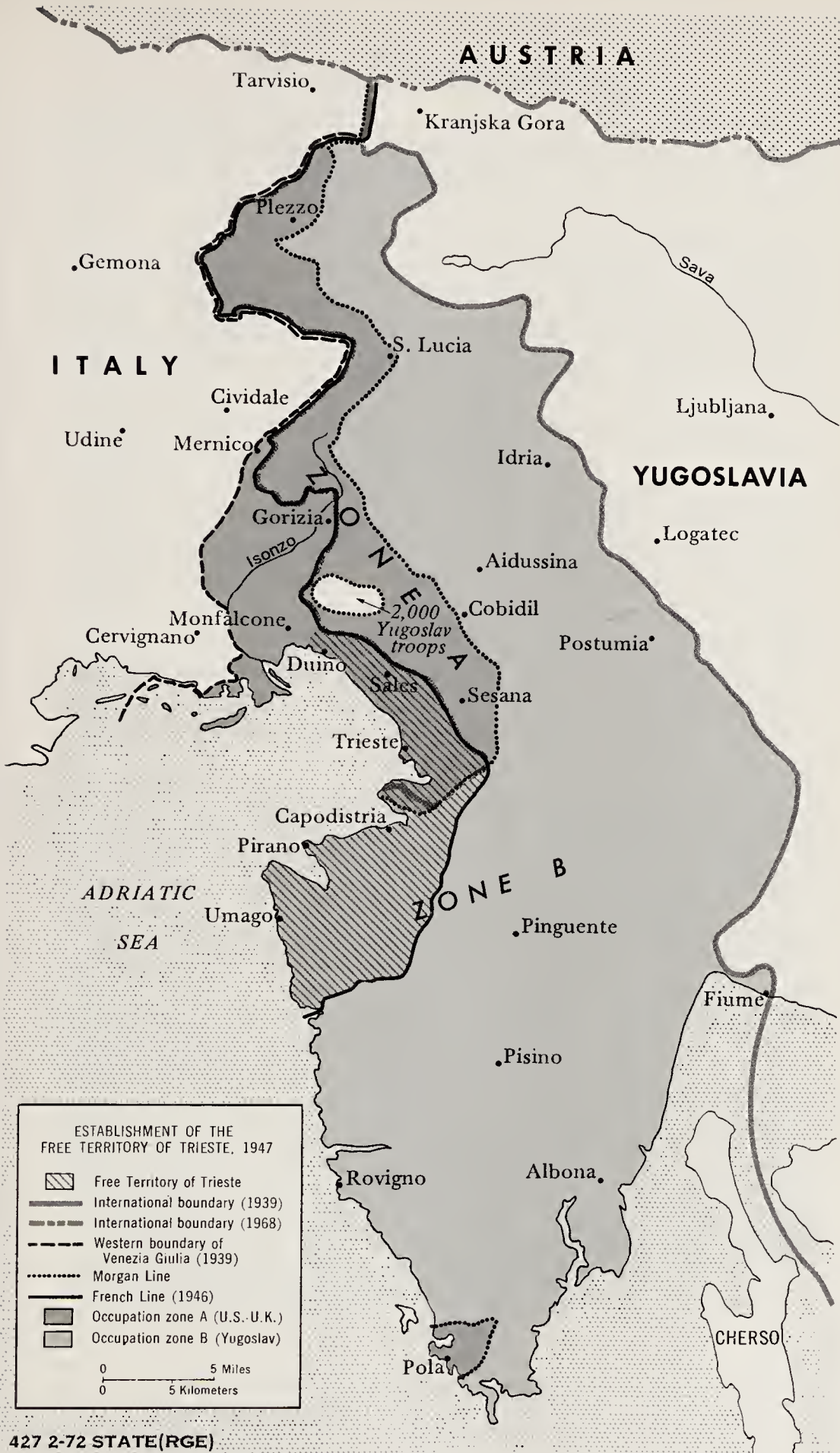
["]The Embassy avails, etc.["]

CANNON

¹ Srdja Prica, Director, Western Office, Yugoslav Ministry of Foreign Affairs.

² In despatch 166, September 18, from Belgrade, not printed, Ambassador Cannon forwarded a copy of the full text of his note, No. 963 (860S.00/9-1847).

The crucial part of this note was released to the press on September 12 (Department of State *Bulletin*, September 21, 1947, p. 591).



760H.6515/9-1147 : Telegram

The Secretary of State to the Embassy in Italy and to the Embassy in Yugoslavia

SECRET URGENT

WASHINGTON, September 11, 1947—7 p. m.

1679 to Rome; 610 to Belgrade. After considering Joint Chiefs' estimate of military risk involved (see Naf 1368 Sept 9¹) Dept has agreed to proposal set forth Naf 1360 Sept 2² for demarcation Italo-Yugo provisional boundary in accord US-UK interpretation of Four Power Boundary Commission recommendations.

In concert your Brit colleague,³ you shd inform FonOff on Sept 12 or as soon thereafter as possible as follows:

In view of failure Ital and Yugo authorities to agree on provisional demarcation of boundary of territory now under AMG which is ceded to Yugo under terms Treaty of Peace with Italy, it has become necessary for Allied authorities responsible for administration of area to establish provisional line of demarcation beyond which Allied military forces will be withdrawn upon coming into force of treaty. This provisional line has been drawn in accord with recommendations made to Ital and Yugo authorities by Four Power Boundary Commission, composed of representatives of US, UK, USSR and France, created to

¹ FX 77357, not printed. In this message SACMED referred to his understanding that the State Department required "that the handover should be carried out in accordance with the peace treaty on the line as recognized by US, UK and French members of the commission and as directed in paragraph 1 of Fan 759 [*ante*, p. 78]." SACMED pointed out that no line recognized by the US, UK and French members existed, or had been defined; that the supervisory commission had not interpreted the French line but had endeavored only to supervise the efforts of the Italian and Yugoslav delegations to reach agreement. In view of the fact that the attempt to reach agreement had dragged on since March, and that ratification was impending, General Airey had asked the US and UK members to mark their interpretation of the French line on a large scale map. This interpretation was the only one which embodied the US, UK and French agreement referred to in Fan 759, and a series of maps had been prepared showing it. NAF 1368 contained no JCS estimate of the military risk, and no such estimate within the time period involved has been identified. (Defense Files)

² FX 77274, not printed. In this message SACMED explained "Four Power Boundary Commission reached agreement on Italo-Yugoslav tentative boundary based upon and approximating to French line; any material discrepancies fall within the limits (i.e. not to deviate more than ½ kilometre either way) permitted to permanent Boundary Commission by text of peace treaty. US and UK members of the Commission have now marked this agreed provisional boundary on a map, since the Commission as such will not do so. The boundary so marked is the interpretation, as understood by the US and UK members, of the demarcation of the French line which the Four Power Commission agreed and that Yugoslavia was prepared to accept, had it been accepted by the Italians." General Airey proposed to hand over on this line. (Defense Files)

³ Charles Brinsley Pemberton Peake, British Ambassador in Yugoslavia.

assist Ital and Yugo authorities in their delimitation work. In this connection, US Govt wishes to stress provisional nature of this boundary, since treaty itself makes provision for definitive delimitation Ital-Yugo frontier.

Immediately upon the coming into force of the Treaty, the entire provisional boundary will be manned at road and track crossings by Allied representatives with small escorts, after which Italian frontier guards will come forward to them.

Allied detachments on the Morgan Line will be withdrawn simultaneously through Allied detachments on the provisional boundary and Yugo authorities will thereafter procede up to the provisional boundary where they will establish their posts.

Allied representatives on the provisional boundary will indicate to the Italian and Yugoslav detachment commanders the points marking the provisional boundary and will inform them that as representative of the powers in military occupation of the territory, he is authorized to hand over control in accordance with the indicated provisional boundary. Upon recognition and acknowledgment thereof by the Italian and Yugoslav detachment commanders, the Allied detachments will withdraw from their positions on the provisional boundary.

The Supreme Allied Commander, Mediterranean, who is the Allied officer responsible for the execution of this procedure, will communicate the necessary operational information to the appropriate Italian and Yugoslav military authorities in order that Allied withdrawal from the ceded areas and the establishment of the provisional Italian-Yugoslav boundary may be effected in an orderly and expeditious manner.

Emb Belgrade shd inform Yugo FonOff in same sense as soon as Brit colleague has been authorized take concerted action.

MARSHALL

860S.00/9-1047 : Telegram

The Secretary of State to the Office of the United States Political Adviser at Leghorn

SECRET URGENT

WASHINGTON, September 12, 1947—6 p. m.

87. Your 164 Sept. 10 7 p. m.¹ We are unable to agree that General Airey's directive is satisfactory with its present paragraph 2(b). In

¹ See footnote 2, p. 91. For the text of General Airey's directive, see p. 89.

our view the essence of Article 1 of Annex VII of the Treaty is to give military commanders in their respective zones practically the attributes of Governors pro tem pending appointment of the Governor by SC. Should present terms of paragraph 2(b) stand we would lose much leverage in SC in forcing Russians to an agreement on the Governorship.

We likewise should prefer to see new language in paragraph 1 making it clear that decision to leave military commanders in lieu of Governor pending latter's appointment was not taken by SC (which has never reached such a determination of fact) but is explicit in Article 1 of Annex VII.

For your info problem is being explored with CCS with view to new directive to General Airey.

Repeated to Trieste as 35.

MARSHALL

860S.00/9-1547 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

SECRET

LONDON, September 15, 1947—8 p. m.

4981. We talked today with Foreign Office officials in Southern and Western Departments concerning Trieste. Both Departments believe that we should be in no hurry to find a governor of Trieste. All suggestions up to the present time have been refused by Moscow and it is now up to the Russians to present the name of a candidate who would be satisfactory to us. We should in no event, they said "accept any old governor".

Officials remarked that it is to our advantage, unless a good governor can be found, to have the existing situation continue as long as possible.

Officials with whom we talked said Jebb,¹ who has gone to UN, shares these views and will air them in New York.

Sent Department 4981, repeated Rome 106 Moscow 291, Paris 522.

DOUGLAS

¹ Hubert Miles Gladwyn Jebb, Assistant Under-Secretary of State and United Nations Adviser in the British Foreign Office since May 18, 1946.

860S.00/9-1547 : Telegram

The Acting Secretary of State to the Embassy in Yugoslavia

RESTRICTED

WASHINGTON, September 15, 1947—6 p. m.

URGENT NIACT

615. Amb Dunn has telephoned from Rome¹ to say Gen Lee has informed him by telephone from Trieste of receipt info from Yugo commander there that Yugo Govt was sending Yugo detachment of 2,000 troops presently in Zone A to Trieste and that Yugo Govt intended station these troops in that city. Gen Lee considered this move was contrary to terms Ital treaty and specifically to provision Annex VII providing for stationing of troops in "respective zones". Gen Lee has therefore informed Yugo commander he cannot allow this proposed move. Gen Lee added that he was prepared to resist move by force if necessary.

You shd take this matter up in strongest terms with FonMin immediately and say to him that orders must be issued immediately cancelling proposed move of Yugo troops into city of Trieste. You shd say that there can be no doubt re pertinent provisions Annex VII Ital treaty which limits Yugo troops in Free Territory to 5,000 within "respective zone". Latter phrase can only be interpreted to mean, as regards stationing Yugo troops, that part of FTT presently under Yugo mil occupation. There is therefore no basis on which Yugo troops presently in territory being ceded to Yugos can be moved into Anglo-Amer Zone of FTT.

(Sent Belgrade 615 rptd Rome 1708, London 3997, Trieste 39, and Moscow 1728.)

LOVETT

¹ No record of this telephone conversation has been found. However, in despatch 4, September 22, not printed, Joyce, U.S. Political Adviser in Trieste, recorded: "I suggested that we should get on the telephone at once and most urgent calls were put in for the American and British Ambassadors at Rome. We reached Ambassador Dunn about 9:30 and General Lee spoke to Mr. Dunn. He outlined the Yugoslav note (which was signed by Lt. Gen. Lekić, Commander of the Yugoslav 4th Army, with Headquarters at Ljubljana) and quoted to the Ambassador the last few sentences where the Yugoslavs announced their intentions of moving into Trieste at midnight. Ambassador Dunn's immediate reaction was that the Yugoslavs should not be permitted to enter the Anglo-American zone. The Ambassador stated that he would telephone Washington and call back as soon as possible." (860S.00/9-2247)

Defense Files : Telegram

*The Commanding General of the British and United States Forces
in Trieste (Airey) to the Combined Chiefs of Staff*

SECRET URGENT

DUINO, September 16, 1947.

GOC 707 (Taf 1) 1. At 2000 hours last night a Yugoslav officer arrived at my hq with message purporting to come from Gen Lecic

Comd Yugoslav Fourth Army.¹ This message stated peremptorily that, the treaty having been ratified, Yugoslav Troops would cross the Morgan Line at midnight 15/16. This is contrary to all previously agreed planning² but in order to avoid serious incidents which would be likely to arise I have ordered withdrawal of Anglo-American troops and police to French line before midnight. This action necessary in view of excited state of villages in ceded territory. All British troops are now safely withdrawn to French line and Americans are now completing withdrawal and evacuation of Pola garrison also nearly completed.

2. General Lecic's note went on to state that at midnight the Yugoslav Detachment (presumably meaning the 2,000 troops previously under Allied Command) would "as agreed by British and American Governments" enter Trieste and establish themselves therein. I have despatched a Yugoslav Liaison Officer to Lecic demanding the withdrawal of this order on the basis that it contravenes article 1 of annex 7 of treaty and stating that I should firmly oppose such a move and warned him of the consequences. He has also undertaken to warn Yugoslav Detachment Commander but has no authority to issue orders.

3. Meanwhile I have ordered all existing road posts to resist entry of Yugoslav troops into Trieste but not to open fire except in self defense. An inner ring of posts on outskirts of city with same orders is also being established. I appreciate that Yugoslavs will attempt to establish themselves in the Slav villages on northern outskirts or possibly in eastern suburbs. If this is the case every effort will be made to keep them under control pending Governmental action to secure their withdrawal.

4. These events clearly represent carefully planned coup. In spite of all previously agreed arrangements with Yugoslavs this note was delivered as an ultimatum in Serbo-Croat after dark with only 4 hours notice by an interpreter Lieutenant. Contents were immediately queried with a truculent Lieutenant Colonel who refused to take back any answer. In this connection int sources today reported that local Communists were ordered to carry arms tonight.

5. Situation is well in hand but Trieste is in disturbed and excited state and Yugoslavs are without doubt working on well thought out plan. It is therefore of utmost importance that very urgent diplomatic action be taken to ensure that they do not enter Anglo-American Zone or if they should so do, that withdrawal is arranged without delay. Foregoing has been reported by Brit PolAd Trieste to FO and to Embassy Rome. US PolAd has taken similar action through his channels.

[AIREY]

¹ Lt. Gen. Danilo Lekic.

² In Taf 16, September 22, not printed, General Airey reported that on September 14 at 1300 hours the Yugoslavs had agreed to have the handover on the forenoon of September 16 (Defense Files).

860S.00/9-1647 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

NIACT BELGRADE via LONDON, September 16, 1947—3:45 a. m.

MOST IMMEDIATE

1053. At 2330 London Foreign Office telephoned British Ambassador to effect Yugoslav troops would pass through Morgan Line to French Line, and as for Trieste would enter and take position therein. He was instructed to repeat this report to Yugoslav Government referring to Article 1 Annex 7 of treaty and say that force would be met by force.¹

As best he could understand his message, State Department had also been trying to reach me with this message.

At 0030 he delivered message to Acting Foreign Minister Velebit who made no comment. Meanwhile at 0025 his counselor reached me. At 0145 I got through to Velebit who offered to receive me out at his villa but said that Peake had given him written text of message and he meanwhile had obtained following information:

At Trieste Yugoslav troops had instructions to conform to treaty provision and avoid all incidents. I had to ask him twice about reported movement Yugoslav troops on French line, finally getting reply "that is correct and we have no reason not to take this action". I said that was purpose our joint *démarche* 13th. He replied "well that was all we had and we made our own arrangements".

Cannot phone Washington before morning if at all. As yet unable get Trieste. Sending this both cable and British radio signal.

Please pass to War.

CANNON

¹ In telegram 4987, September 16, not printed, the Embassy in London reported that the British Foreign Office had made communication with Ambassador Peake and had directed him to make representations to the highest authority available (860S.00/9-1647).

Defense Files : Telegram

The Commanding General of the British and United States Forces in Trieste (Airey) to the Combined Chiefs of Staff

TOP SECRET

TRIESTE, September 17, 1947.

G 1-010 (Taf 11) 1. On instances when Yugoslav tps have come in contact with Anglo-American posts on the provisional FTT boundary, junior Yugoslav commanders have threatened, if the boundary was not adjusted to their liking within an allotted time, the use of force. For similar cases which have occurred on the provisional Italo-Yugoslav boundary see Taf 2 para 3 and Taf 4 para 6.¹ To date, we have been

¹ Neither printed.

able to maintain our position in these cases without bloodshed by virtue of a display of firmness and good sense on the part of the allied tps involved.

2. The customary action of delivering ultimatums on a bn and coy level is exceedingly dangerous. In connection with this, it should be remembered that the boundary posts are sited according to the interpretation of the French line and not in relation to their suitability for defence. The tps under my command are exposed to considerable danger under the maintenance of the integrity of the British-US Zone of the Free Territory.

3. I recommend therefore that the following urgent diplomatic action should be taken:

a. To urge the Yugoslav Government to issue orders to its tps forbidding the issue of local ultimatums on the grounds that such an action is danger to peace.

b. To request that all disputes be referred for arbitration either with the Allied Military authorities here, or at such higher level as you may think fit. I consider that there is little possibility of reaching any further agreement through the medium of the existing boundary commission. I suggest that the Yugoslav Govern[ment] should be urged to accept the provisional boundary as at present occupied pending the decision of the Commission to be appointed under article 5 of the treaty of peace with Italy.

c. To protest against the incidents cited in Part 1.²

[AIREY]

² In telegram 628, September 20, not printed, Ambassador Cannon was directed, in concert with his British colleague, to deliver a strong protest against the irresponsible Yugoslav actions in presenting ultimatums to local Allied military commanders; to insist that future matters of local dispute be discussed with General Airey; and to emphasize that General Airey had been instructed to maintain the provisional line as the *de facto* boundary until the definitive delineation in accord with the treaty (860S.00/9-2047).

860H.00/9-1747: Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

CONFIDENTIAL

BELGRADE, September 17, 1947—11 a. m.

1062. Last night Velebit informed me all but three of Allied personnel held by Yugoslavs (Embtel 1040, September 11) had been released. He claimed that these three cases still undecided since they had allegedly declared themselves to be deserters from British Army.

Military Attaché this morning received message from Trieste via Vienna all have been released.¹

Sent Department 1062; repeated Leghorn.

CANNON

¹ Word of the release of the Allied personnel was given to the press on September 19. See Department of State *Bulletin*, September 28, 1947, p. 649.

501.BC—Greece/9—847 : Telegram

*The Acting Secretary of State to the United States Representative at
the United Nations (Austin)*

SECRET

WASHINGTON, September 19, 1947—6 p. m.

410. The position established in Department's 394, September 10, 3 p.m.¹ was designed to meet a possible emergency parliamentary situation should SC suddenly have to vote accepting or rejecting the recommendations of the sub-committee on the Governorship of Trieste.

We now feel that USUN in consort with UK, Chinese and French Delegations will find it possible informally to manifest sufficient dissatisfaction with the recommendations of the sub-committee as to make our views decisively known without involving the risk of finding ourselves in the position of having to veto the entire report of the sub-committee.

You should accordingly indicate no willingness to consider the names of Buisseret, Broch or Fernandez but should stoutly maintain that the United States will not rest until a really outstanding candidate has been found for the Governorship of Trieste. The essence of the compromise reached in the CFM when it established the Permanent and Provisional Statutes for Trieste was that the entire scheme for the Free Territory would be unworkable without an able, impartial and courageous Governor.

Furthermore we feel that in this case time plays on our side. We believe that if the Allied Military Command in Trieste is sedulous in resisting every Yugoslav attempt at encroachment, the Yugoslavs and their Soviet masters will realize that no advantage is to be gained by prolonging a stalemate in finding a suitable and impartial Governor.

We are gratified the Chinese have stated their willingness to advance the name of M. Stucki.² Please bear in mind in your discussions that the Security Council has accepted the responsibility of consultation with both the Italian and Yugoslav Governments before its nominee is appointed. For your info Italian Embassy here has informally indicated that Foreign Office Rome is delighted with Stucki.

Repeated to Trieste as 45; and to Am Embassy Rome as 1764.

LOVETT

¹ Not printed.

² Walther Stucki, Swiss Ambassador in Paris, 1938–1944; Chief of the Foreign Affairs Division, Swiss Ministry of Foreign Affairs, 1945–1946.

S60S.00/9-2247 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

CONFIDENTIAL

BELGRADE, September 22, 1947—5 p. m.

1082. Together with British Ambassador delivered note (Embassy's telegram 1077, September 21¹) to Velebit at 11 a. m., Marshal Tito being absent. Text follows in clear.²

Velebit took the line that he completely agreed with our position and he readily gave assurances that appropriate orders would be issued. Notwithstanding his conciliatory attitude Peake and I both made oral statements on the dangers unless strictest orders are given at once. Velebit professed to know of only one case where he said the line is not as established by the commission. I said even such a case must not be dealt with by subordinates but by the Yugoslav commander dealing direct with General Airey.

As we were leaving Velebit said that it had occurred to him in a purely personal way that it would be a good plan to work out closer liaison and cooperation at Trieste between our officials and the Yugoslavs pending the appointment of the governor. He did not use the term participation in the administration but doubtless had something like that in mind. Remembering Joyce's helpful telegram of September 19³ received just this morning I saw this coming and replied that though without info on my Government's views on such questions I knew that we were anxious to conform strictly to our responsibilities under the treaty and I cited the provision of annex 7 about the respective zones of the Allied military commands.

Sent Department, repeated Trieste, Rome, London.⁴

CANNON

¹ Not printed.

² Telegram 1084, September 22, not printed.

³ Telegram 98, September 19, from Trieste to the Department, repeated to Rome as 103, to Belgrade as 70, not printed.

⁴ News of the United States protest was released to the press on September 24. See Department of State *Bulletin*, October 5, 1947, p. 706.

740.00119 Control (Italy)/9-2247

The Yugoslav Ambassador (Kosanović) to the Secretary of State

P. No. 1200

The Ambassador of the Federal Peoples Republic of Yugoslavia presents his compliments to the Honorable, The Secretary of State and has the honor to inform of the following:

1. On the occasion of the withdrawal from the demarcation line in the Julian March and shortly before their departure, the American occupational troops committed serious attacks against the property in the region which was taken over by the Federal Peoples Republic of Yugoslavia. On the night of September 15-16, American soldiers demolished a hospital in Sezana and removed all of the valuable articles.

2. Along the whole demarcation line American troops burned or destroyed otherwise practically all of the barracks. Such action on the part of American soldiers increased the tension on the demarcation line and could have caused undesired incidents. Besides that, American troops displayed a hostile attitude towards the Federal Peoples Republic of Yugoslavia.

3. The American soldiers tried to provoke incidents and made physical attacks upon the Yugoslavs. On September 15, on the road between Tolmin and Kobarid, American soldiers physically attacked and beat Yugoslav telephone workers who were working on a telephone line. On September 15, on the road St. Lucia-Kozariste, American soldiers distributed anti-Yugoslav leaflets.

Moreover, Italians exercised moral pressure on the population in the territory which was to belong to the Federal Peoples Republic of Yugoslavia so that they would move out.

In the region of Kobarid American soldiers, during their withdrawal, fired three artillery shots on the territory of the Federal Peoples Republic of Yugoslavia. They tried to provoke incidents by firing from infantry arms. Such action by the American occupation forces may have left the population of the territory in question with the impression that the American authorities are hostile and in that way incite incidents which would make difficult or even impossible the peaceful "taking over" of the territory.

The attitude of the American occupational authorities, before the carrying out of the Peace Treaty, made it possible for followers of Fascist organizations to provoke incidents, attack property and make physical attacks on the Yugoslav population and even upon the Yugoslav citizens in the Italian territory or on the Free territory of Trieste.

During the night of September 14-15, a mine was laid in the building of the "Primorski dnevnik" in Gorica. It was a fortunate incident that the mine was found and removed by Yugoslav citizens and therefore its explosion was prevented. A Yugoslav automobile with license plate TP was burned the same night by an organized group in Gorica.

On September 14 at 2 p.m. members of the Organization "Divisione Gorizia" destroyed the restaurant belonging to a Slovene—Polde Cesut—injured him and stole 19,000 lire. In the same manner the restaurants of Petar Kralj, Petrovic Makso and Gifl were attacked and Marcija Butinjolija was seriously wounded. At 8:00 p.m. of the same evening, the Library of "Ljudska Zalogba" was attacked and 30,000 Slovene books were destroyed.

On the night of September 13–14 in Gorica, organized groups attacked the houses of Gorica citizens who did not want to display Italian flags. In these attacks three grenades were thrown.

Attention should be drawn to the fact that the Organization "Divisione Gorizia" is organized under the same principles as the Fascist *Squadristi* and that the majority of the members are former members of the Fascist party.

On September 15, in Trieste, the head of the Yugoslav border commission, Colonel Kilibarda and Major Altarac were attacked. Fifteen members of the civilian police, who were present, did not intervene and did not protect the above mentioned official representatives of the Federal Peoples Republic of Yugoslavia. On that occasion the automobile of Colonel Kilibarda was damaged.

The Ambassador of Yugoslavia, would, at the same time, like to mention that the American occupation authorities, before the Peace treaty came into effect, allowed, between September 13–14, the entry of Italian troops and *carabinieri* into Gorica.

The American occupational authorities are responsible for the criminal activities of the members of the above named organizations because they are in charge of the maintenance of Law and order, and with the protection of personal integrity and property on the territories in question.

The Government of the Federal Peoples Republic of Yugoslavia wishes to express its unsatisfaction for the incorrect stand of the American soldiers and commander and reserves itself the right to seek compensation for the damages incurred by American soldiers.

The Yugoslav Ambassador takes this opportunity to renew to the Honorable the Secretary of State the assurances of his highest consideration.¹

WASHINGTON, September 22, 1947.

¹ By a note of the next day (September 23), not printed, the Acting Secretary of State acknowledged receipt of the Yugoslav note and stated: "These charges have been determined upon investigation to be wholly without foundation in fact and are rejected by the Government of the United States as unworthy of comment." (740.00119 Control (Italy)/9-2247)

8608.00/7-2147

*The Secretary of State to the United States Political Adviser
(Joyce), at Trieste*

TOP SECRET

WASHINGTON, September 24, 1947.

[No.] 2

SIR: With reference to the establishment of the Free Territory of Trieste, in consequence of the coming into force of the Treaty of Peace with Italy, the following instructions are issued for your guidance in your capacity as United States Political Adviser to the Commander, British-United States Zone, Free Territory of Trieste and, upon your designation as such, as American Consul General at Trieste:

Pending the assumption of office by a Governor, during which period the British-United States Zone of the Free Territory shall be administered by the Commander of that Zone, you are designated United States Political Adviser to the Commander, British-United States Zone, Free Territory of Trieste. In the event that it should be decided to establish consular offices in the Free Territory prior to the assumption of office by a Governor, you will be designated American Consul General, which designation will be in addition to that as United States Political Adviser, the latter designation continuing in effect until the termination of military government in the Free Territory.

You will be directly responsible to the Secretary of State. In so far as the affairs of the Free Territory are of concern or interest to the American Embassies at Rome and Belgrade, or to American Missions elsewhere, you will keep those missions informed and act in close cooperation with them.

You will, in accordance with the instructions of the Department, advise the Commander with respect to all aspects of the administration of the British-United States Zone which in any way affect the interests or obligations of the United States Government with respect to: the internal administration of the Zone; the relations of the Zone with the Zone under Yugoslav administration; and the relations of the British-United States Zone with foreign powers.

During the period after the assumption of office by a Governor and while a United States military contingent remains stationed in the Territory at his disposal, you will advise the Commander of the United States contingent concerning all aspects of his relations with the Governor. You should give every cooperation to the Commander to ensure that the activities and deportment of the personnel of the contingent is such as to support the political objectives of the United States Government.

It is the view of the Department that, in accordance with Article 2 of Annex VII of the Treaty, the Free Territory of Trieste should,

while under the administration of the Allied military commands within their respective zones, be governed in accordance with the provisions of the Permanent Statute as and when those provisions are applicable and in so far as they are not superseded by the Instrument for the Provisional Regime. In this connection, particular care should be taken to ensure the strict observance in the British-United States Zone of the principles inherent in Article 4 of the Permanent Statute concerning Human Rights and Fundamental Freedoms.

The United States Government has adopted the position that the political independence and economic prosperity of the Free Territory can be ensured, under the terms of the Permanent Statute and with the protection of the Security Council of the United Nations, if all states most directly concerned will cooperate with and assist the Government and people of the Free Territory to that end. You should exert every effort to encourage such cooperation and to support all elements in the Free Territory which are working for the accomplishment of the principles and purposes envisaged in the provisions of the Treaty establishing the Free Territory of Trieste.

The Department considers that the successful implementation of the Permanent Statute will require the strict adherence to all provisions thereof and the fulfillment of all obligations by all parties concerned in accordance with both the spirit and the letter of the provisions of the Treaty pertaining to the Territory. You should maintain the closest observation of all activities in the Territory, and influences emanating from sources outside the Territory, which would, in contravention of the provisions of the Statute, or otherwise, tend to destroy or militate against the integrity and independence of the Territory. You should report fully to the Department all such activities and influences and you may, in your discretion, convey any of such information as may be appropriate to the Governor.

Very truly yours,

For the Secretary of State:
NORMAN ARMOUR

860S.00/9-2547 : Telegram

The Acting Secretary of State to the Embassy in Yugoslavia

RESTRICTED

WASHINGTON, September 25, 1947—7 p. m.

URGENT NIACT

643. Please see Acting FonMin or Tito immediately to protest in strongest terms Yugo seizure US Lieut and two enlisted men in US-UK zone FTT along Yugo frontier near village of Sales on Sept. 22. Representations immediately made to Yugo military by US military for return of men are still without result.

You should point out this incident is but latest in series of inexcusable Yugo seizures during past two years of US-UK troops in Venezia Giulia, who in every instance have been detained for long period and generally treated as captured enemy personnel. On previous occasions, this Govt has urged Yugo Govt to take steps prevent repetition such actions, which might easily lead to bloodshed and unforeseeable consequences. For its part, this Govt has insisted its armed forces take every precaution avoid incidents, and this policy has been faithfully carried out.

Latest incident is especially grave in that members US patrol who met Yugo patrol dismounted from their horses, went forward to frontier line for friendly conversation with Yugo soldiers, and were promptly seized and carried off under arrest into Yugo territory. Moreover, under threat of bodily harm to US lieut, his commanding officer, one of US soldiers was sent back across boundary to bring up horses from which the three soldiers had dismounted.

You should say this Govt can no longer maintain its patient attitude towards such provocative incidents. These seizures contravene every principle of behavior between friendly civilized nations. This Govt must take such measures as it may deem appropriate in circumstances, and dependent upon measures which Yugo Govt may now take to remedy situation which has become intolerable.

In meantime, this Govt demands immediate release three men, and, in reserving its position re measures of redress for their detention as may be warranted, solemnly warns Yugo Govt that any repetition these incidents may lead to the gravest consequences.

Please telegraph text of note and date delivery.¹

Sent Belgrade, rptd London and Trieste.

LOVETT

¹ In telegram 1099, September 26, from Belgrade, not printed, Ambassador Cannon reported having made an indignant protest, and having received a complete apology, assurances of immediate release of the men, with the place of release to be made known, and assurances against repetition (860S.00/9-2647).

Defense Files : Telegram

The Commanding General of the British and United States Forces in Trieste (Airey) to the Combined Chiefs of Staff

TOP SECRET

TRIESTE, 25 September, 1947.

GO/020 (Taf 20) 1. Now that the appointment of a Governor of the FTT may be imminent I feel bound to draw your attention to certain factors regarding the situation likely to obtain here on his arrival. These factors have been thrown into sharp relief in the light of events since 15th Sept and directly affect the security not only of the crowded

civil population and the police of the British-American Zone but of the Allied troops and their dependents. I am not aware of the sequence of events contemplated once the Governor has been accepted nor the extent to which action is possible by the UK and US Governments to safeguard the security interests mentioned above. I consider it my duty, however, to set out my views on this subject.

2. The present Bi-Zonal arrangements, while it can be maintained, serves to a large extent to keep Trieste free from contamination by the Communized zone now under Yugoslav Military Government. The Yugoslav Zone has doubtless been organized as a base for Communist influence in the FTT in preparation for the day when the inter-zonal frontier is abolished and expansion into Trieste can begin in earnest. It is clear from the events reported in Taf 16¹ that the Yugoslavs had hoped to begin immediately on ratification of the Treaty, by means of a form of military *coup d'état*. Now that this has been frustrated I appreciate that they are waiting for the appointment of the Governor. In this connection it should be noted that I have no liaison whatever with Banina² as I am convinced that this could only lead to further demands to bring his troops into Trieste. In the Yugoslav Zone a substantial body of police has been trained and is being expanded through a special police school in Capodistria. This police force is clearly intended for inclusion in the future FTT police force when the zones are united.

3. In my opinion the danger to Anglo-American interests in the FTT and to its security in general lies in the possibility of the Governor allowing the 2 zones to be fused, and in his redistributing the troops, before he has appointed a Director of Public Security and before the latter has thought out and implemented a sound police policy to cover both zones. If this should happen a situation might well arise similar to that which the Yugoslav Military Command attempted to create by a show of force on the night 15th/16th Sept.

4. The effect of stationing Yugoslav troops in Trieste does not appear to me to be comparable to that now obtaining in Berlin and Vienna where garrison duties are shared with Russian troops. In the first place Trieste contains 2 strongly opposed factions, Italian and Slav-Communist, of which the latter has always maintained through its press and local organizations, a violent campaign against the civil police. In the second place experience shows that Yugoslav troops in this area (in particular the Yugoslav Detachment now apparently earmarked for Trieste) will not accept a non-Communist police force and are

¹ Not printed. See footnote 2, p. 99.

² Gen. Ante Banina, Commander of the Yugoslav contingent in the Free Territory of Trieste.

specially groomed as an agency for supporting political and terroristic activities.

5. Question will inevitably arise of the administration of FTT during period between Governor's assumption of office, when Article 1 of Annex 17³ to the Treaty will automatically cease to apply, and establishment of Provisional Council of Government as a functioning body. From a practical viewpoint, the most satisfactory solution would be for the two zones to continue to be administered separately under AMG and Yugoslav Military Government until the Provisional Government was ready to operate. In case this should prove to be unacceptable however, plans are now being made, the knowledge of which is confined to the staff of my headquarters, to earmark officials and others who are available in the zone to replace the Allied personnel of AMG exclusive of the police. This would provide for a purely civil administration which, in the absence of a better team, could function as a temporary measure.

6. In my opinion, the police force in the zone could only continue to operate after the civilianization of the remainder of the government if a backbone of Allied officers or of officers who are nationals of some disinterested country were maintained.

7. As regards problems connected with formation of his Provisional Council of Government and administration of territory as a whole once the two zones are fused, any attempt by me to offer advice to Governor might be interpreted locally as an attempt to exert unfair Anglo-US influence. The British and US Political Advisors are however forwarding annotated lists of personalities in British-US Zones of [to] Foreign Office and State Department, which they may find useful as a basis for advice to the Governor. In this connection, British and US Governments no doubt have in mind the question of counter-acting the violent pressure which will almost certainly be applied to induce Governor to accept the exponents of Communist and Yugoslav views.

8. In conclusion I assume that the Governor will not enter the territory until he has studied the situation and evolved a definite plan for

³ The reference is to article 1 of Annex VII which states :

"The Governor shall assume office in the Free Territory at the earliest possible moment after the coming into force of the present Treaty. Pending assumption of office by the Governor, the Free Territory shall continue to be administered by the Allied military commands within their respective zones."

its administration. I would strongly recommend that, if at all possible, he should not attempt to unite the two zones until he has appointed his Director of Public Security and made full provisions for the preservation of law and order and the prevention of political terrorism. It may well be that this end could best be achieved by planning the reorganization of the police and the creation of a neutral security force which could replace the three national contingents as soon as possible.

9. I consider that the factors discussed above are of first importance if the Balkanisation of Trieste is to be prevented and if the security of the local population and the Allied troops and their dependents is to be maintained on a stable basis.

[AIREY]

501.BC/9-2947 : Telegram

*The Acting Secretary of State to the United States Representative
at the United Nations (Austin)*

SECRET

WASHINGTON, September 29, 1947—7 p. m.

430. While sympathetic to the view that the time is rapidly approaching when we should bring out into the open the fact that Russian sabotage in SC has for months made it impossible for that body to discharge its obligation in nominating a governor of Trieste, we feel for tactical motives that for the time being we should hold our fire. As indicated in previous telegrams, we believe that so long as two thirds of the Free Territory are occupied by British and American troops we hold a material advantage in that area and that, in consequence, time plays on our side.

You should, accordingly, when the matter is next discussed in the Council, indicate willingness to accept either of Parodi's two suggestions:

- 1) That the Italian and Yugoslav governments be asked to agree on a candidate of their joint choosing, or
- 2) That a committee of neutral states be invited to suggest a panel of names from which a suitable governor might be selected.

We trust that there is no misapprehension now as to our attitude regarding Buisseret. We do not wish to see him as governor of Trieste.

LOVETT

860S.00/10-347 : Telegram

*The United States Political Adviser (Joyce), at Trieste, to the
Secretary of State*

SECRET

TRIESTE, October 3, 1947—11 a. m.

116. Remy 98 September 19, 4 p. m.¹ Following is further appreciation local situation by my British colleague² and myself in which Gen Airey concurs:

1. During past fortnight there has evidently been radical change in attitude of Yugoslav Govt in its diplomatic relations with Allies although press and public utterances of leading Yugoslavs, including Tito, continue attack us as Fascists and reactionaries.

2. British and American military personnel and civil police detained for alleged infringement of boundary are being released with unprecedented speed and even with apologies for their detention. Assurances have been given frontier incidents will in future be discussed on spot, approaches are being made for cooperation and fraternisation and a meeting between Gen Lekić Commander Yugoslav Fourth Army and Gen Airey has been noted in Belgrade.

3. This apparent change of heart may be attributable to failure of tactics of bluster and intimidation on September 15-16 and to almost unprecedented strength of language used by State Dept and US Ambassador in Belgrade in their recent protests against detention of American personnel.

4. Present Yugoslav tactics of appeasement may, however, be also inspired by other motives. Having failed to penetrate Trieste with their forces and to undermine Allied authority by timely general strike, they hope to achieve same object by simulating moderation friendliness and a cooperative spirit.

5. Not unlikely that Gen Airey will sooner or later be approached by Yugo zone commander with suggestions for mutual consultation and coordination of zone problems leading up to proposals for breaking down present barrier between two zones. This impracticable for fiscal and economic reasons as long as this zone remains linked to Italian economy and uses lira as currency. But in any case Gen Airey does not propose to meet such advances by more than polite evasiveness because he is convinced there is no change in fundamental policy of Yugoslavs of making Allied position in British-US zone untenable. Any breaking down in present bizonal system would inevitably lead

¹ Not printed.

² William John Sullivan.

to successful achievement of Yugoslav objective by well known Communist tactics of infiltration, intimidation and the like.

6. It is not improbable that Yugoslav reaction to any failure in inducing Gen Airey to yield to their blandishments will be propaganda offensive accusing Allies of refusing to cooperate in spirit of treaty.

JOYCE

860H.50/10-2047 : Telegram

*The United States Political Adviser (Joyce), at Trieste, to the
Secretary of State*

SECRET

TRIESTE, October 20, 1947—10 p. m.

137. Remytel 136, repeated Belgrade as 87, Rome as 118.¹

1. In inviting both Italian and Yugoslav *ad hoc* economic delegations to Trieste in writing on September 10, one of conditions was that delegations abstain from any form press publicity. This condition expressly included to prevent additional political agitation from either Italian or Yugoslav side which could only increase local tension and augment security problems already difficult.

2. Kuralic² this afternoon in interview with United Press and London *Times* correspondents said he could not accept terms of reference for economic delegation "because they violated the sovereignty of Yugoslavia". He added he felt free to criticize AMG because of this violation and whole matter would be taken up through diplomatic channels. He confirmed his departure for Yugoslavia this evening.

3. This summary action against Kuralic carefully considered this morning by General Airey, General Moore head AMG, my British colleague and myself and it may be considered as of a piece with action taken against Innocente reported mytel 133, October 17.¹ We all believe that only by high line in these and future cases, can we maintain our position against continual attempts by Yugoslavs to undermine authority of military government by deliberately false propaganda, distortion and incessant political agitation. We believe that relatively severe prison sentences imposed last week on Communist strike leaders who were convicted for assaulting and intimidating other workers, has had generally beneficial effect. Any indication of weakness or vacillation now would only lead to deterioration of Allied position Trieste.

¹ Not printed.

² Rudolph Kuralic, acting head of Yugoslav Economic Delegation in Trieste.

4. It is difficult to confine ourselves here to regulation gloves when opponent repudiates Queensbury rules, uses leaded gloves and his second carries tommy gun.

5. I should appreciate Department's comments.

Sent Department as 137, repeated Belgrade as 88, to Rome as 119.

JOYCE

501.BC/10-2547 : Telegram

The Acting Secretary of State to the United States Representative at the United Nations (Austin)

RESTRICTED

WASHINGTON, October 25, 1947—2 p. m.

511. For Austin from Rusk. In concert with UK Delegate¹ who will receive similar instruction, please deliver the following communication to the Chairman of the Security Council :

"On September 15, 1947, upon the coming into force of the Treaty of Peace with Italy and the coming into being of the Free Territory of Trieste, the Commander, British-United States Forces in the Free Territory, in accordance with Article 1 of Annex VII of the Treaty, assumed full responsibility for the administration of the British-United States Zone of the Free Territory pending the assumption of office by the Governor. On that occasion the Commander, British-United States Zone of the Free Territory of Trieste issued the following Proclamation :

'Proclamation Number 1. To the people of the Free Territory of Trieste, British-United States Zone. Whereas by Article 21 of the Treaty of Peace between the Allied and Associated Powers and Italy which has now come into force, a Free Territory of Trieste has been constituted, and whereas, under Article 2 of Annex VI of the treaty the integrity and independence of the Free Territory shall be assured by the Security Council of the United Nations, and whereas, under Article 1 of Annex VII of the treaty it has been provided that pending the assumption of office by the governor of the Free Territory, the said territory shall continue to be administered by the Allied Military Commands within their respective zones, I, therefore, T. S. Airey, Major General, Commander British and United States Forces, in order to implement the provisions of the Treaty of Peace and to ensure the welfare and safety of the population by preserving law and order have issued the following proclamation which is being communicated to the Security Council of the United Nations by the United States and United Kingdom Governments.

"Continuance of military government.

1. Pending the assumption of office by the duly appointed governor of the Free Territory of Trieste all powers of government and administration in that zone of the Free Territory in which British and United States Forces are stationed as well as jurisdiction over its inhabitants shall continue to be vested in me in my capacity of commander of the said British and United States Forces.

2. An Allied Military Government of the British-United States Zone of the Free Territory to administer these powers under my direction is hereby continued.

¹ Sir Alexander G.M. Cadogan.

3. I hereby direct that all administrative and judicial officials and all other government and municipal functionaries and employees and all officers and employees of public, municipal or other services, shall continue in the performance of their duties, subject to such directions as may from time to time be issued by me or by officers designated by me for that purpose.

4. All existing laws, decrees and orders in force in the British-United States Zone on the date of this proclamation shall remain in force and effect except as abolished or modified by Proclamation Number 2 which is promulgated herewith and except in so far as I may, from time to time, change or supersede them. The words 'Allied Forces' which appear in such laws, decrees and orders shall be interpreted as referring to the British and United States Forces stationed in the zone."

Signed T. S. AIREY, Major General, Commander, British and United States Forces, Allied Military Government, British-United States Zone, Free Territory of Trieste.'

"It is the view of the Government of the United States that, pending the assumption of office by the Governor, the commanders of the British-United States Zone and of the Yugoslav Zone of the Free Territory are, by the terms of the Treaty obliged to administer the Free Territory within their respective zones in strict accord with the purposes and principles of the provisions of the Treaty establishing the Free Territory of Trieste. The Commander, British-United States Zone has, pursuant to Article 2 of Annex VII, been instructed to govern that Zone in accordance with all of the provisions of the Permanent Statute as and when those provisions prove to be applicable and in so far as they are not superseded by the provisions of the Instrument for the Provisional Regime. Further, the actions of the Commander, British-United States Zone will be guided mainly by the needs of the population and its well being.

"While it is recognized that the provisions of the Treaty require that pending the assumption of office by the Governor there shall be separate administrations within the two zones of the Free Territory, it is the view of this Government that the Governments of the United States and the United Kingdom, in their zone, and of Yugoslavia, in its zone, are clearly charged with ensuring that the areas under their respective administration are so administered as to ensure that there shall be no impairment of the future integrity and independence of a united and prosperous Free Territory of Trieste.

"In fulfillment of its obligations in this respect, the Government of the United States will from time to time report to the Security Council concerning its responsibilities in connection with the administration of the Free Territory of Trieste and, within the limitations of its responsibilities, will supervise the observance of the applicable provisions of the Statute including the protection of the basic human rights of the inhabitants and will ensure that public order and security are maintained in the Free Territory in accordance with the purposes and principles of the applicable provisions of the Treaty of Peace with Italy."

(Sent New York 511 rptd Rome as 2186, Trieste as 85 and Belgrade as 707)

LOVETT

501.BC/10-3047 : Telegram

*The United States Political Adviser (Joyce), at Trieste, to the
Secretary of State*

RESTRICTED

PRIORITY

TRIESTE, October 30, 1947—11 a. m.

149. Reference Department's telegram 511 to New York for Austin repeated Trieste 85, Rome 2186, Belgrade 707.

1. Upon receipt text draft instruction to Senator Austin from Foreign Office British political adviser here on 25 October cabled London repeating message Washington and UK delegation New York stating General Airey strongly recommended only text of proclamation No. 1 be communicated Security Council with no mention of any undertaking to apply provisions permanent statute during continuance AMG in UK-US zone in accordance Article 1, Annex VII.

2. On October 27 British political adviser received text of Foreign Office cable of October 24 to New York instructing Cadogan to address note chairman Security Council with same wording as Department's draft instruction to Austin substituting Government of United Kingdom with Government of United States when required.

3. After consultation with General Airey General Moore, head AMG and myself, British Political Adviser Sullivan on October 28 sent cable Foreign Office repeated Washington, Rome, Belgrade and New York the text of which follows:

"1. In General Airey's view any attempt in the present circumstances to go beyond Article One of annex VII or any commitment on our part, however carefully phrased, to apply other provisions of the treaty would be fraught with danger. Such a policy could only safely be pursued either by an authority having complete control over the British-United States and Yugoslav zones or as the result of a radical change of policy in which the permanent separation of the two zones would have to be recognized as a basic element. The first alternative involves the expeditious appointment of the governor and consideration of the second might be regarded as premature.

"2. The State Department's proposal appears to involve [as an applicable provision] the appointment by AMG (in consultation with Italy and Yugoslavia) of a provisional council of government, the preparation of electoral rolls and possibly the holding of elections at least at local government levels but any of these measures would be seized upon by the Yugoslavs as a pretext to demand closer integration with their already communised zone. The resulting political tensions would throw a very severe strain on General Airey's present resources. Even annex VII envisages as a prerequisite the appointment of a director of public security with authority to enforce a security policy over the whole territory.

"3. In this connection General Airey has just received an agenda proposed by an economic mission from the Yugoslav military zone of the free territory every paragraph of which contains a Trojan Horse.

Stress has already been laid on the economic and financial conditions which render it impracticable at present to raise the barrier between the two zones. From the political standpoint General Airey feels bound as long as the governor has not assumed office to oppose the present Yugoslav tactics of infiltration and 'fanning out' whether in the form of penetration of AMG local administration (which they and the Communists have boycotted and sabotaged during the last two years) or of participation at a higher government level on the strength of Article Two of annex VII.

"4. Finally the implementation of an undertaking such as the State Department proposes [is] not only dangerous from the standpoint of security but also places a burden on AMG beyond its military capabilities. It would in fact require a team of very highly qualified civilian experts such as the governor might reasonably expect as advisers on his personal staff.

"5. General Airey therefore adheres to his recommendation in which I and my United States colleague concur that the communication to the Security Council should be limited strictly to the text of proclamation No. 1. My United States colleague is reporting in the above sense to the State Department."

4. I pointed out to Airey and Sullivan that their apprehensions were perhaps unjustified by virtue of fact that draft communication to chairman Security Council quoted Article 2 annex VII "as and when those provisions prove to be applicable, etc.". Also draft note includes statement that "the actions of the commander, British-United States zone will be guided mainly by the needs of the population and its well-being". In addition, the last paragraph of draft instruction to Austin particularly refers to protection of basic human rights and public order and security which provided a safeguard on how far if at all other provision of permanent statute could be applied under present circumstances.

5. Airey and Sullivan nevertheless feel that on British side they should go on record as they did in their cable quoted above. I explained that although my views had not been requested on American side I had no objection to their putting in their cable that I concurred with their views.

6. My personal feeling is that if Airey and Sullivan interpretation of draft communication to Security Council is the correct one I can only agree with their analysis as does General Moore and head AMG. In any event my view was that the Airey-Sullivan cable might bring forth a clarification of the intent of draft communication to Security Council. Our policy of firmness as reported in Airey's cables to CCS and my two situation reports (my telegrams 98 Department, 103 Rome, 70 Belgrade September 19¹ and 116 Department, 112 Rome, 80 Bel-

¹ Not printed.

grade October 3) has been to consolidate Anglo-American position without zone and to take all steps to frustrate Communist penetration and intimidation. Department's telegram 47, September 22; 69, October 14; and 79, October 23² I understood to mean that this policy was generally approved. If it is now the policy to "open up" the Trieste question by [revising?] certain provisions of the permanent statute I believe that the Anglo-American position here would be seriously undermined and inevitably deteriorate due to Communist infiltration and increased agitation.³

7. General Airey has received no policy directives from CCS since September 15. A clear policy directive at this time I believe to be imperative and hope may be forthcoming soon.

Sent Department 149, repeated Rome 125, Belgrade 93.

JOYCE

² None printed.

³ In telegram 150, October 30, from Trieste, not printed, U.S. Political Adviser Joyce urged the Department that General Airey's views be solicited before committing him to a course of action he might consider dangerous (501.BC/10-3047).

In telegram 151, October 30, from Trieste, not printed, Joyce reported that the British Foreign Office had cabled Cadogan to take no action along with the United States pending receipt of Airey's views (501.BC/10-3047).

860S.00/10-3147

*Memorandum by the British Secretary of State for Foreign Affairs (Bevin) to the British Ambassador in the United States (Inverchapel)*¹

TOP SECRET

[LONDON,] October 31, 1947.

I have been considering what should be the policy of His Majesty's Government with regard to the future of the Free Territory of Trieste.²

2. In recent months it has become clear that Yugoslav policy is fundamentally opposed to its survival. The Yugoslav zone has been turned into a Communist state, closely integrated into Yugoslavia. Once a Governor has been appointed both the Anglo-American and the Yugoslav troops pass under his command, and sooner or later he will almost certainly have to dispense with their services; the barrier will be down between the two zones and the City of Trieste will be filled immediately with communist formations disguised as Slav citizens returning to their homes. There is a real danger that the Governor will

¹ There was no covering memorandum for this document.

² In telegram 5748, October 28, from London, not printed, Ambassador Douglas reported that "Bevin is now considering recommendations on Trieste prepared recently by FonOff officials immediately concerned with this question" and that "as soon as they had been cleared by Bevin they would be communicated to the Dept." (860S.00/10-2847)

find it impossible to carry out his functions and maintain order. He will have lost the A.M.G. machine; and the police on whom he must rely for the maintenance of order will have been seriously weakened by the incorporation of the communist police force built up in the Yugoslav zone which he will have no choice but to admit into the security forces of the territory. In these circumstances outside communist pressure acting in concert with the well-organized fifth column in the Free Territory may well lead to a communist administration of the whole Territory. If so it would be only a short step before the population would be ready to petition the Security Council with an appearance of unanimity for incorporation into Yugoslavia.

3. In the economic field, the assumption on which the Four-Power Financial Commission based their reports have failed to materialize. The negligible growth of trade through the Free Port, the incipient withdrawal of Italian capital and equipment, and the communist influence over the trades unions, all render it impossible for any administration, no matter how efficient, to ensure a reasonable degree of prosperity for the Free Territory without a constant and heavy supply of credits which the United Nations would almost certainly be unwilling to grant.

4. In view of these considerations, I have come to the conclusion that no Governor, no matter how strong, will be able to ensure the lasting independence of the Free Territory, far less its prosperity; and I would therefore favor a partition of the Territory by which the Italians would regain sovereignty over what is now the Anglo-American zone. Basing myself on impressions formed at the New York meeting of the C.F.M., it would not surprise me if it turned out that the Russians and Yugoslavs would also accept partition—although there may be difficulties over the frontier line in the Gorizia area. We have considered both the strategic and financial implications of this proposal. The British Chiefs of Staff have reported that, assuming that there is no hope of genuine Yugoslav co-operation in the maintenance of the Free Territory, it is in our strategic interest that the territory be partitioned and Trieste thus revert to Italy.

5. In his first talk with me on 28th October, Count Sforza spoke about the Trieste situation. He said that a lot of feelers had been put out on the Yugoslav side but that he was not certain that these approaches had been entirely genuine. They might be manoeuvres designed to benefit Italian communists at the next elections. He had been pursuing negotiations with the Yugoslavs on commercial and other matters and had hoped that these might lead to definite indications of their real intentions about Trieste. I did not discourage him from pursuing his conversations.

6. If partition were to come about as the result of a Yugoslav initiative, the communists would claim that it was they who had restored Trieste to Italy. It should be our object therefore to anticipate any such claims by the the communists by our own action. In any case I should not be surprised if the Trieste issue comes up "on the side" in the course of the London meeting of Foreign Ministers, and for these reasons I think that we should begin to clear our minds on the subject.

7. Meanwhile I would propose that we should henceforth stall on the appointment of a Governor (even in the event of the Russians suddenly showing a disposition to agree to a suitable candidate) and thus facilitate the possible discussion of partition at the appropriate moment.

8. His Majesty's Government would be prepared to continue to maintain their contingent of the Anglo-American force for this purpose on the assumption that the United States Government would be ready to do likewise and that the United States Government would also continue as at present to pay for all supplies for the civil relief program.

9. I shall be grateful if you will put my views as set out in the preceding paragraphs to the State Department at a high level and ask them to consider the matter urgently and let me have Mr. Marshall's reactions thereto.

[BEVIN]

501.BC/10-3047 : Telegram

The Acting Secretary of State to the United States Political Adviser (Joyce), at Trieste

SECRET URGENT

WASHINGTON, November 1, 1947—2 p. m.

94. Reurtel 149 Oct 30 your observations para 4 correct. Not our intention Airey would be required apply at this time provisions Permanent Statute excepting as and when he considers them applicable and compatible requirements continued administration under mil govt. Not at all our intention he shd now proceed appoint provisional council of govt, prepare electoral rolls or take other measures which must obviously await unification of two zones upon assumption office by Governor. Not contemplated Yugos shd participate in any way whatsoever in admin UK-US Zone, for, as recognized penultimate para communication to Security Council, "provisions of the Treaty require that pending the assumption of office by the Governor there shall be separate administrations within the two zones of the Free Territory".

Main purpose message to SC to establish principle that terms of Treaty require recognition and protection human rights and fundamental freedoms throughout FTT and that military govts in two zones must guarantee those rights and freedoms in respective zones.

In view foregoing Dept still of opinion proposed message shd be delivered SC and has so informed Brit Emb.¹

(Sent Trieste 94, rpt Rome 2254, Belgrade 716)

LOVETT

¹ In telegram 159, November 4, from Trieste, not printed, Joyce reported that General Airey and British Political Adviser Sullivan still adhered to their view that only proclamation No. 1 should be communicated to the Security Council (501.BC/11-447).

S60S.00/11-647 : Telegram

The United States Political Adviser (Joyce), at Trieste, to the Secretary of State

SECRET URGENT

TRIESTE, November 6, 1947—5 p. m.

162. Re London's 5748 to Department of November 3, noon.¹

1. In its No. 6122 of November 2 to Foreign Office British Embassy Washington refers to Foreign Office cable just received "about the future policy toward the FTT". In response to my query November 4, British PolAd here stated he had received nothing from London on this. He immediately cabled Foreign Office requesting information.

2. Sullivan on November 4 completed draft study of administration British-US Zone FTT and also on ultimate future FTT.² Study concludes in general that provisions of Italian treaty concerning Trieste have been "frustrated". He believes southern zone FTT was lost on day it was agreed allow 5,000 Yugoslav troops to form part of contingent to be placed at disposal of Governor. He suggests direct agreement on Communist frontier between Italy and Yugoslavia eliminating *ipso facto* the free territory settlement. The US and UK would maintain a token force in their zone as corollary to stationing of Yugoslav troops southern zone and as assurance they do not intend to evade responsibilities until final settlement. The SC would be invited to take note of this decision and if it not approved to produce solution which would resolve problem both zones on practical and equitable basis. This would relieve UN as well as British and US Governments of present commitment which he considers unworkable. He doubts whether it would be worth provoking grave international crises over Trieste and if and

¹ The reference is dated incorrectly. Regarding telegram 5748, October 28, see footnote 2 to memorandum of October 31, p. 118.

² In despatch 34, November 15, from Trieste, not printed, U.S. Political Adviser Joyce forwarded a copy of Sullivan's report, "British/U.S. Zone of the Free Territory of Trieste and the Problem of its Administration in the Immediate Future." (S60S.00/11-1547)

when we reach a show down with Slav-Communist bloc or if some radical change takes place in Security Council or in a solution such as he suggests might in any event impose itself. He concludes that only realistic conclusion is perhaps that there is no alternative to eventual absorption of Trieste by Yugoslavia and that Anglo-Americans are merely fighting rearguard action to delay this inevitable consummation.

3. Sullivan assures me his paper will not go forward to Foreign Office until carefully considered by all concerned here. He announced yesterday that chief of Southern Division Wallinger³ of Foreign Office will arrive Trieste November 10 accompanied by Ambassador Peake who is returning Belgrade from London. I can not help but feel that Sullivan's reporting to Foreign Office on Trieste's position over more than 2 years might have influenced Foreign Office and War Office thinking perhaps along lines suggested in his paper.

4. I disagree entirely with Sullivan's conclusions as does General Airey and General Moore. His analysis, while perhaps "realistic" on a local basis and as providing convenient formula for retreat from a most difficult commitment and position it is nevertheless in the long range vital interests of both US and UK Governments to continue to abide by and endeavor to enforce the treaty here. Anglo-American position here, I believe, should be further consolidated and strengthened and not the slightest indication should be given that we are even considering a retreat.

5. Airey and I have discussed Anglo-American policy regarding Trieste and agree on the following principles:

(a) Trieste can not be dealt with on own merits alone and disassociated from general European background.

(b) This winter and next spring will be crucial in present political battle to contain Communism in Europe and Trieste is stronghold which must be firmly held until battle turns our way. There are already indications that Communist tide in Europe is ebbing.

(c) Our difficulties in Trieste should not blind us to fact that difficulties on other side of line are perhaps more pressing. We have now established here healthy and effective military government and feel that we have situation firmly in hand. We do not believe in the inevitability that Trieste will fall to Tito and we know no justification politically, economically, or morally for his obtaining it. Trieste with its port and over 260,000 Italian inhabitants would [*should*] not be submerged by the Slav-Communist bloc. Its absorption into Yugoslavia could only increase Communist power in Italy and elsewhere.

(d) We should, therefore, steadfastly adhere to Article 1 of Annex VII of treaty and resist Slav-Communist penetration, infiltration and intimidation until international situation clarified.

³ Geoffrey Arnold Wallinger, head of the Southern Department of the British Foreign Office since June 23.

6. In accordance with Department's instruction No. 2 September 24, 1947 addressed to me I assume that foregoing represents American policy and propose to follow this line in conversations with Peake and Wallinger. I shall appreciate Department's comment as well as Cannon's.

Sent Department 162, repeated Rome 130, Belgrade 99, London 2.
JOYCE

860S.00/11-847 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET URGENT

BELGRADE, November 8, 1947—8 p. m.

2199. Secretary British Embassy¹ disclosed last night that Sullivan's conclusions re solution Trieste question (Trieste's 162 November 6 to Department) parallels present British Foreign Office thinking. In his words "British have thrown up their hands in despair." This would represent definite shift from Foreign Office's position month ago (London's 5454 October 9 to Department²) and our comments thereon (Embtel 2096 October 11 to Department³). Staff British Embassy here divided over Trieste issue. Counselor agrees with Sullivan's conclusions, Political Section strongly disagrees, and Ambassador apparently still uncertain.

Whatever ultimate solution of Trieste political problem may be, I think our broader interests compel us to maintain *status quo* and even remotest suggestion treaty revision would be most unfortunate right now. Intimation to Yugoslav Government that our firmness so short-lived, would have disastrous effect on efforts to check their enterprises in Greece and Austria.

FTT has symbolic as well as intrinsic importance, Trieste represents today the continuing concern of US in Eastern Europe. Troops there are stabilizing influence throughout this whole region. It has been and remains a proving ground for both American and Soviet intentions. Our withdrawal under whatever guise would not mean loss only of Trieste but would be encouragement incalculable proportions to Soviet purpose in world's troubled regions.

Moreover, haste in treaty revision on so crucial issue as FTT before effectiveness of treaties can be tested, would surely put US great dis-

¹ George Lisle Clutton.

² Not printed; it reported that Admiral Conolly's office had heard of a proposed Italo-Yugoslav deal for the division of the Free Territory of Trieste (860S.00/10-947). Admiral Conolly was Commander, U.S. Naval Forces in European Waters.

³ In this telegram, not printed, Ambassador Cannon reported that the rumor of a proposed Italo-Yugoslav deal for the partition of the F.T.T. could not be confirmed in Belgrade although the military and the naval attaché had each received a similar report (860S.00/10-1147).

advantage in forthcoming negotiation major treaties. Yugoslavs may well have been waiting for just such sign of US-UK growing tired of Trieste problem. All our effort here has been to convince them we will stand fast on all points. We think they have been impressed and I cannot agree that our Trieste policy, difficult as it has been, has not been successful. I therefore regard Sullivan paper as serious development and hope Department will find way to have full exchange of views before British Foreign Office plans crystallize.

Sent Department 2199, repeated Trieste, London, Rome.

CANNON

501.BC/10-2547 : Telegram

The Secretary of State to the United States Representative at the United Nations (Austin)

CONFIDENTIAL URGENT WASHINGTON, November 14, 1947—7 p. m.

563. Reference Deptel 511 October 25 to New York and Deptel 101 Nov 12 to Trieste rptd NY as 559,¹ General Airey has agreed to delivery of communication regarding administration UK-US Zone FTT as contained Deptel 511 with revisions as contained Deptel 101 to Trieste.

In view Austin's Chairmanship SC communication should be addressed to SYG for transmission to SC and should be delivered at earliest opportunity and in concert UK Del which has received instructions present identic communication.

Please make following correction to revision as contained Deptel 101 to Trieste. Last sentence, first paragraph following text of proclamation should read as follows: "In the meanwhile the action of the Commander of the Brit-US Zone will be guided mainly by the needs of the population and its well being."

MARSHALL

¹ Not printed; it suggested several changes in phraseology for the text of the proclamation to be issued by General Airey (860S.00/11-1247).

860S.00/11-1747 : Telegram

The Ambassador in Italy (Dunn) to the Secretary of State

TOP SECRET

ROME, November 17, 1947—midnight.

3693. Reference Trieste's 162, November 6; Belgrade's 2199, November 8; Trieste's 167, November 12; ¹ all to Department. Views on Trieste

¹ Not printed; in it U.S. Political Adviser Joyce reported that after a long discussion with General Airey, British Political Adviser Sullivan withdrew his conclusions in his appreciation of the situation in Trieste as reported in telegram 162 (860S.00/11-1247).

settlement attributed to British Foreign Office have been discussed informally with staff of British Embassy here. Some are convinced that city's eventual annexation by Yugoslavia is foregone conclusion. Others feel that partitioning is only ultimate solution but admit that it can not be prospected in immediate future. Their reasoning is that finalization of problem by division between Yugoslavia and Italy would be a greater bar to Yugoslav aspirations for city than present provisional status; they are apparently concerned about possibility of being pushed into sea and corresponding loss of face.

As do we, British here consider that US-UK initiative in proposing partitioning scheme now would be detrimental to our position vis-à-vis Yugoslavs and extremely harmful to our prestige in Italy. In fact, British generally feel that timing is of utmost importance and incline to view that any proposal should await impending major European developments. While aware that formal Yugoslav initiative would place the Italian Government in a difficult position, with Communist Party claiming credit for solution or attacking on nationalistic grounds if proposal rejected, British state they have no firm ideas as to ramifications involved in Italian initiative. In any event, rumors thus far indicate basic conditions of each side differ so materially on such important questions as boundaries, demilitarization and local government that bi-lateral accord between Italians and Yugoslavs is improbable.

Italian Foreign Office official has told us De Stefano² (now in Rome) pressing Foreign Office for revision treaty clauses regarding Trieste along lines suggested by British, i.e., return Zone A to Italy and leave Zone B to Yugoslavs. This official continued that Italian Foreign Office has in mind initiating such proposal through some UN delegation but first desired know US opinion in the matter. He was told we would weigh the problem and discuss it later.

Inference is that British and Italians may have already discussed this problem, and we gather British Embassy Washington has at least informally broached it to Department. Before discussing it further with either Italians or British, would appreciate Department's views on whole subject, and particularly on my firm contention that any association by us now with initiation of proposals wherever generated for partition of FTT would gravely prejudice our strengthening position in Italy. Next spring situation may of course have progressed sufficiently to enable us to review our stand.

Sent Department; repeated Trieste 92 and Belgrade 134.

DUNN

² Mario Di Stefano, Minister in the Italian Embassy in Washington.

Defense Files : Telegram

The Commanding General of the British and United States Forces in Trieste (Airey) to the Combined Chiefs of Staff

TOP SECRET

TRIESTE, 22 November 1947.

052/SEC (Taf 52). Further to Taf 45.

1. In view of the continued delay in appointment of a governor for the FTT and general uncertainty as to the future, I appreciate that the Yugoslavs now consider that they must obtain a share in the control of the Anglo-American Zone as a matter of paramount importance. They must realize that unless they do so AMG will continue to consolidate, US relief measures will take effect and Slav-Communist influence will lose ground.

2. For the same reasons I am convinced that it is equally important that no form of Yugoslav participation in the government of this zone should be allowed. The consequences have already been discussed in previous Tafs and I need only say now that in spite of continual review of the situation I see no reason to alter my views. The large number of official, semi-official and clandestine Yugoslav organizations already established in Trieste provide a sufficiently dangerous commitment.

3. The demand for the establishment of a tripartite hq in Trieste, recently presented to US and UK Governments, constitutes the second carefully thought out attempt to achieve the Yugoslav object. It is therefore most important to consider what course the Yugoslavs are likely to adopt in the event of the failure of this second attempt and to be ready with a clear cut policy and plan to counteract it.

4. At a meeting which took place yesterday in Capo d'Istria between economic delegations from the two zones it was apparent that the Yugoslav position had hardened and their delegation had clearly received a new brief to agree to nothing that implied that the two zones should remain separate. There was an attempt to engage AMG in a joint denunciation of trivial and harmless articles which had appeared in the leading Italian newspapers both newspapers in the UK/US Zone and more significant refusal to accept our description of the frontier as the "Inter-zone boundary" which they preferred to describe as "The ex-Morgan Line". In adopting this attitude the Yugoslav authorities are no doubt attempting to build up their case against AMG before the Security Council. That their refusal to recognize the inter-zonal boundary may be the prelude to further attempt at direct action can not however be excluded. This might take the form of casual and intermittent but increasing penetration by small bodies of troops or it might follow the pattern of the night of 15th/16th Sep-

tember, carried, however, to its logical conclusion. In either event since penetration, if not immediately assisted [*resisted*] would undermine our whole position I feel that we must be prepared for some such attempt on the basis of the Yugoslav arguments referred to above. In this connection it is noteworthy that the Yugoslav detachment formerly stationed in zone "A" under the Duino Agreement now forms part of the contingent of 5,000 in the Yugoslav Military Zone. Any attempt to establish troops within our zone would therefore probably not start from the direction of the areas newly ceded to Yugoslavia, but from the Yugoslav Zone of FTT. In the light of their experience on the night of 15th/16th September the Yugoslavs would be less likely to enter the UK/US Zone by way of frontier road posts, but might cross between them. In view of the very short distance between the inter-zone boundary and the city of Trieste (5 miles) this presents me with a difficult military problem.

5. I have accordingly issued orders for the defense of Trieste in such an emergency based on the premise that any Yugoslav attempt to enter the UK/US Zone by force will be met as a last resort by force.

[AIREY]

860S.00/11-2247 : Telegram

The United States Political Adviser (Joyce), at Trieste, to the Secretary of State

[Extract]

TOP SECRET

URGENT

TRIESTE, November 22, 1947—11 a. m.

180. I see use of cable justified for following report, due to delays in courier service, and by fact developments in UK-US zone Trieste have reached point where decisions on policy level cannot longer be postponed without risking serious deterioration Anglo-American position here. British and American Military Intelligence agencies working with my British colleague and myself have just completed situation report, which will be discussed with Generals Airey and Moore, head AMG and chief planning staff, and will presumably be cabled by Airey to CCS within few days. This report will represent best thinking available here and its conclusions will be carefully considered and weighed in light of best information obtainable. What follows represents endeavor to present Department with highlights of administration UK-US zone by AMG. This material designed to provide background for Airey's report which will cover mainly military and strategic considerations. I believe development of Communist strategy in France and Italy and present Yugoslav tactics vis-à-vis Trieste lend

degree of urgency these reports and make desirable review Trieste position on high policy level Washington.

I. Military Governor's Council.

1. Please refer General Airey's communication dated October 16 addressed to Secretaries CCS and entitled "Organization of Military Government UK-US Zone FTT." Airey considered AMG organization inadequate to meet new conditions following R Day and establishment FTT, and that firmer structure required to maintain integrity UK-US zone, to guarantee security of population and to provide standard of administration high enough to preserve Anglo-American prestige. This decision based upon (a) prospective long period before appointment of governor; (b) need for strong military government to resist increasing Slavo-Communist pressure both from without and within; and (c) necessity for maintaining morale and confidence of population. Airey discussed his plan for setting up council of government with me and requested I take up with General Moore as it involved replacement of American head AMG. Moore and I agreed completely with Airey and on October 21 head AMG was relieved and departed for US immediately.

2. AMG after R Day was floundering and AMG officers were being presented with multiplicity of problems of economic, political, fiscal and psychological nature, which, by training and experience, only very few were capable of even understanding, much less coping with. American head AMG was routine officer without knowledge of civil affairs. He could with best intentions provide no leadership and morale within AMG was ebbing. There were interminable meetings, wooly thinking and wrong decisions were being taken on important policy issues on low levels. Airey was justifiably concerned and finally decided to set up "inner cabinet" to meet briefly every morning and review developments, agree on policy on government level, and take firm decisions in situation where decisions must be made quickly. Airey presides as "Military Governor in Council" and council made up of Commanding General TRUST, British and American PolAds, American head AMG and chief planning and advisory staff, who is Regular Army British Colonel. British and American elements thus balanced on top level. The existence of council not publicized.

[Here follows part II. "American Element of AMG".]

JOYCE

501.BC/12-1247 : Telegram

The Acting Secretary of State to the Acting United States Representative at the United Nations (Johnson)

SECRET

WASHINGTON, December 12, 1947—7 p. m.

598. For Ambassador Johnson. Dept anticipates that question of Trieste will again be raised in near future in SC. Information from Belgrade and Trieste suggests that Yugoslavs will try a new tack and will present a facade of friendly desire for cooperation with aim of consolidating present zones of military government in FTT into one entity, either under present military regime or, more probably, under a Governor appointed by SC.

We regard this anticipated Yugoslav-Soviet move as no more than a cover to hide basic intention of eventually integrating the Free Territory into Yugoslavia, either through infiltration of any government which may be established, or by any other feasible means.

UK and US Governments are content to maintain present *status quo* in Trieste. We would only be willing to relinquish our present *de facto* control if there were conclusive evidence that a really strong Governor could be appointed by SC, and that his security forces would enable him effectively to maintain integrity of FTT. It does not seem possible that such a Governor possessing such forces will be found, owing to unwillingness of USSR to accept such a man with such forces.

We anticipate that in SC a Yugoslav or Soviet initiative may presently be expected with regard to Governorship and that finger will point to Buisseret since most Members of SC, with exception of UK, in one form or another have indicated their willingness to consider him as a compromise candidate.

You are requested to inform your Soviet colleague that in light of additional information regarding Buisseret, and in view of experience we have had in governance of Trieste since R day, we can now no longer consider his candidacy and will not find it possible to accept him as Governor. You should appraise your British and French colleagues of this approach to Gromyko and frankly inform Belgian representative that we much regret our inability to support his candidate.

You should continue to evince a desire to get best possible Governor but should not seek to take lead in finding a suitable candidate. Rather our attitude should be that we have with great patience put forward name after name only to find our nominees unacceptable to USSR, and time has now come for other Delegations to submit new lists of potential Governors.

A minor irritation consists of two notes to this Government which Yugoslav Representative circularized to Members of SC as reported in your 1168 Nov. 7 and 1180 Nov. 8.¹ These notes will presently be answered and you will be asked to submit copies of them to your colleagues in SC, without however making any endeavor to comment on our replies other than to say that they speak for themselves.

Repeated to Trieste as 136 Rome as 2610, Belgrade as 781 London as 5237.

LOVETT

¹ Neither printed.

860S.00/12-1347 : Telegram

The United States Political Adviser (Joyce). at Trieste, to the Secretary of State

SECRET URGENT

TRIESTE, December 13, 1947—1 p. m.

218. Remytel 209 December 11 to Dept repeated Belgrade 118, Rome 149, and London as 5.¹ Generals Airey and Gaither² advised me this morning that intelligence from various sources indicates there may be disturbances in Trieste starting tomorrow morning Sunday. The Communist press is increasingly violent in attacking AMG and Belgrade radio yesterday had three items on Anglo-American terrorism in Trieste. *Primorski Dnevnik* yesterday ended leading article with following statement which has become central theme for Communist propaganda: "If the Government (AMG) cannot or will not assure safety and order, the people will be forced to do it themselves." Communist press also features articles of brutality and drunkenness of British and American troops. Press attacks against police brutality and acts of terrorism against the people continued. There have recently been meetings of partisan clubs. Former Yugoslav detachment in zone A which endeavored to enter Trieste night September 15-16 has recently been moved from southern portion Yugoslav Zone FTT to positions near UK-US Zone border.

There are indications that Communist tactics may follow the Milan pattern³ and intelligence reports indicate general strike on December 17, incidentally the day when Security Council scheduled discuss Trieste Governor. Should serious disorders develop and Yugoslavs indicate intention to enter Trieste "to maintain order", I suggest De-

¹ In this telegram, not printed, U.S. Political Adviser Joyce reported several signs of preparations for some action by Communist elements and that General Airey was taking steps to meet an emergency situation.

² Brig. Gen. Ridgely Gaither, Assistant Divisional Commander, U.S. 88th Infantry Division; Deputy Commander, TRUST; head of Allied Military Government on October 22, 1947.

³ See telegram 49, December 11, from Vatican City, in the documentation on the maintenance of democratic government in Italy in volume III.

partment consider advisability of energetic and immediate warning to Belgrade Government.

Sent Secretary of State 218, Repeated Rome 152, Belgrade 122, London 6.⁴

JOYCE

⁴ Repeated also to the U.S. delegation at the United Nations in New York as 600, December 15.

Defense Files : Telegram

The Combined Chiefs of Staff to the Commanding General of the British and United States Forces in Trieste (Airey)

TOP SECRET

WASHINGTON, 15 December, 1947.

WARX 92338 (Fat 7). Reference Taf 52.¹

1. The Combined Chiefs of Staff, State Department and Foreign Office concur your views and conclusions Taf 52.

2. Under no circumstances will we agree to any Yugoslav participation in administration United Kingdom/United States Zone and in due course Yugoslav Government will be so informed through diplomatic channels.

3. We confirm your premise your paragraph 5 that any attempt on part Yugoslavs to enter United Kingdom/United States Zone by force should be prevented by force. In event such eventuality you will immediately advise British and United States Ambassadors at Belgrade who will make immediate representations Yugoslav Government without awaiting further instruction Washington and London.²

¹ November 22, p. 126.

² In memorandum No. 8041, December 15, to the Department of State and to the British Embassy, not printed, the Combined Chiefs of Staff asked that the Yugoslav Government be notified of these decisions (860S.00/12-1547).

The Department's telegram 793, December 18, to Belgrade, not printed, gave the text of Fat 7 to Ambassador Cannon, and directed that in case General Airey should inform him of any effort of the Yugoslavs to enter the U.K.-U.S. Zone by force, he was to see Tito and advise that General Airey was instructed to use all force necessary (860S.00/12-1847).

860S.00/12-1347 : Telegram

The Acting Secretary of State to the United States Representative at the United Nations (Austin)

SECRET

WASHINGTON, December 15, 1947—6 p. m.

601. Trieste Tel. 218, Dec. 13, repeated to you today and press reports on yesterday's Communist demonstrations in Trieste¹ impel

¹ In telegram 229, December 17, from Trieste, not printed, Joyce described Trieste Congress of Union of Anti-Fascist Youth on December 14th. When the parade attempted to march into the Piazza Unità, Trieste, police broke up the column and the participants quickly dissipated. "Most participants came from Yugoslav zone FTT and significantly were marshaled by men wearing uniform of Yugoslav army." (860S.00/12-1747)

us to suggestion that in closed meeting of SC Dec. 17, you take occasion to recall to your colleagues responsibility accepted by SC under Article 2 Annex VI of Italian Peace Treaty for assuring integrity and independence of FTT. You might desire to stress provisions of sub-paragraph (b) of this Article and, in concert with your UK colleague, reaffirm intention of US-UK commanders in FTT to live up to this requirement.

Repeat to Trieste as 138; to London as 5256.

LOVETT

501.BC/12-1847 : Telegram

The Acting Secretary of State to the United States Representative at the United Nations (Austin)

TOP SECRET URGENT WASHINGTON, December 18, 1947—5 p. m.

608. Brit FonOff has again expressed concern lest USDel might indicate approval of some candidate for Governor Trieste. FonOff considers Soviets, now that efforts Yugos infiltrate UK-US Zone by military force, by participation administration, or by clandestine means have been largely frustrated, will make every effort obtain agreement on Governor in order they may renew efforts to gain control Trieste by other means after his assumption office. This agrees with our estimate of the situation as set forth in our 598, Dec. 12.

Therefore, until entire political-military situation has been reviewed in order to ensure fullest possible protection US national interests, you should not give approval to any candidate proposed even though USDel may have in past indicated candidate's acceptability. To achieve these ends the following steps are advised:

1. You should stress the willingness previously expressed by Council members to adopt Parodi's ¹ suggestion that Italian and Yugoslav governments should be asked to consult as to a possible compromise candidate for the governorship. You should stress that until this proposal has been put to the test the Council take no other action looking for a governor.

2. Should this step prove unavailing and the USSR Delegate or his Polish colleague ² seek to force a vote on a name to which we have previously indicated our assent, such as Sandstrom, Stucki or Buisseret, you should state that the Council in conformity with para. 1, Art. 11 of the Permanent Statute for Trieste is obligated to consult with the governments of Yugoslavia and Italy before appointing a governor. You should say that it would be preemptory and discourteous of the Council to pick only one name and then consult with the Italian and

¹ Alexandre Parodi, Permanent French Delegate to the United Nations Security Council.

² Dr. Oscar Lange.

Yugoslav governments on that name. You should then move or support a resolution requesting either the President of the Council or the SYG to undertake consultation in general terms with the Yugoslav and Italian governments, no names being mentioned.

3. If the foregoing two steps prove unavailing and you be forced to declare a position on a specific candidate, you should say that you are not in a position this afternoon to take a decision and will refer the matter to your Government. We do not anticipate that this latter phase will become actual and naturally you will use it only as a last resort.

LOVETT

S60S.00/12-2247 : Telegram

*The Acting Secretary of State to the United States Political Adviser
(Joyce), at Trieste*

SECRET URGENT

WASHINGTON, December 26, 1947—8 p. m.

164. Reurtel 237, Dec 22 para 5,¹ Dept concerned lest proposed prohibition political meetings may be construed as infringement civil liberties and human rights residents zone and contravention our obligations under treaty and assurances we have given Security Council.

Dept full agreement necessity prevent incitement disorders and agrees Airey's proposals prohibit wearing uniforms except US and UK forces and police FTT as well as strict prohibition carrying firearms and grenades and severe punishment violators. We consider, however, that holding of political meetings under necessary surveillance and in accord limitations prescribed by AMG shd not constitute threat public order and security. Dept considers Airey may reasonably require prior permission be obtained; meetings be held specified place; parades or other demonstrations be prohibited; attendance be generally limited to residents UK-US Zone; and that purpose of meeting be in accord laws and not inciting to disorders, unrest or disrespect for Govt or laws of Zone.

We consider above restrictions, vigorously enforced, shd provide necessary remedy situation and permit continued legitimate political activity UK-US Zone.

¹Not printed; it reported that on December 21 there had been a meeting in Trieste of the Giulian Partisan Brigade and an attempt to march through the streets which was stopped by the police. When some small groups slipped through police blockades and marched, Italian groups threw grenades and about 10 persons were injured, one seriously. Joyce commented that such tactics of infiltration by the Slav Communists were hard to combat and that "AMG will prohibit further meetings of political character which are designed to and do excite unrest and disorders. Wearing of non-British or American uniforms in this zone without prior authorization will be prohibited. Prison sentences of up to several years will be summarily imposed on those carrying firearms and grenades" (S60S.00/12-2247)

Brit Emb official, on basis instructions FonOff, has discussed matter with Dept and is in general agreement above.

You shd, in concert your Brit colleague, present Dept's views Gen Airey and advise him we hope he will be able accept our suggestions this matter.

LOVETT

501.BC/12-2747 : Telegram

The Ambassador in Italy (Dunn) to the Secretary of State

SECRET

ROME, December 27, 1947—5 p. m.

4184. Secretary General Foreign Office ¹ informed us that yesterday morning the Yugoslav Minister in Rome ² had approached him re joint Italo-Yugoslav nominee for Governor of Trieste. Yugoslav Minister requested conversations on subject be held in confidence. He put forth three names:

1. Doctor Buhoslav Acer, formerly Czechoslovak delegate to War Crimes Commission, London 1942/45 and since November 1946 chief Czechoslovak delegation at military tribunal at Nuremberg.
2. Georg Branting, regarding whom Department is fully informed.
3. J. Emil Stang, president Supreme Court Norway.

According to Frasoni the Yugoslav Minister laid great stress upon what he alleged were the deplorable and impossible conditions in Trieste and he said the whole cornerstone of future Italo-Yugoslav relations depended upon the two countries getting together in agreement for nominee of governor for that city.

Frasoni said that as a result of this step the Italian Government finds itself in a most difficult position. They cannot help but feel that the Yugoslav objective is primarily to obtain removal of US and British troops from Trieste as soon as possible and that the Yugoslav Government has now decided on every effort being made for the appointment of a governor upon whom pressure can be put toward that end. Frasoni said that the Italian Government would like to stall, but in view Yugoslav pressure it was considering proposing to the Yugoslavs following names, already discussed with Department by Tarchiani:

1. Sven Allarde, Swedish career diplomatist.
2. Gustav Rassmussen, a Dane.
3. Alver Elis Rodhe, a Swede.

¹ Francesco Frasoni.

² Mladen Ivekovic.

He did not conceal, however, preoccupation over uncertainty which Italian Government feels about these men and concern that should one of them be appointed by Security Council, he would be unable to withstand Yugoslav pressure for withdrawal of Anglo-American troops. He pointed out that in that event Italian Government would be in the unenviable position of having had their appointee act against Italian interests.

As directed in Department's 2694, December 23; ³ sent Trieste 157, we gave no advice Italian Government but said that we would transmit in confidence to our government facts given to us by Secretary General.

In this connection my British colleague has informed me that in compliance with instructions from Foreign Office in London he has dropped a broad hint to De Gasperi that the British Government would not be at all sorry and would certainly not blame the Italians if negotiations between them and the Yugoslavs to appoint a Governor of Trieste came to nothing.

I agree with Franson that Yugoslavs are now anxious to have a governor appointed preparatory to putting enormous pressure on him for removal of US and UK troops. In my opinion this appointment had better await selection of really strong man rather than lose our present position by hurried choice. This whole situation has a very definite bearing on what Yugoslavs or Soviet Union may be contemplating with regard to action against Italy.

May I suggest to Italians something along lines of British Ambassador's approach.⁴

Sent Department 4184, repeated London 301, Trieste 109; Department please pass to US delegate United Nations New York unnumbered.

DUNN

³ Department telegram 157, December 23, to Trieste, repeated to Rome as 2694, not printed.

⁴ In telegram 2745, December 31, not printed, the Department instructed Dunn: "However, you are authorized inform Italian Govt that we shall not blame Italians if negotiations between them and Yugoslavs on Governorship are fruitless. In your discretion you are authorized say that our consistent position has been to seek for an absolutely top-notch Governor for Trieste. Unless and until such a man is appointed, we are content to maintain *status quo*." (501.BC/12-2747)

BULGARIA

THE REESTABLISHMENT OF DIPLOMATIC RELATIONS WITH BULGARIA; EFFORTS BY THE UNITED STATES TO ASSIST IN THE PRESERVATION OF DEMOCRATIC INSTITUTIONS IN BULGARIA; TERMINATION OF THE ALLIED CONTROL COMMISSION FOR BULGARIA¹

874.00/1-447 : Telegram

The Representative in Bulgaria (Barnes) to the Secretary of State

SECRET

SOFIA, January 4, 1947—4 p. m.

6. I had hour and half talk with Kimon Georgiev this a.m. First conversation with him since he became Foreign Minister²—in fact first real discussion since I saw him to present Secretary's letter (see mytel 798, October 2³). Explained failure to seek him out earlier by fact that I had so many times stated US point of view to him on Bulgarian issue without great effect that there had seemed no point since elections in rehashing old subjects. He was most anxious to have my estimate of probable development US-Bulgarian relations near future. Told him I had had no news whatever from Washington since formation new government but that if he wished my own personal estimate, for what it might be worth, it was:

1. Elections had given opposition voice in GNA. On assumption government prepared to forego totalitarian methods at least to extent of permitting opposition to continue in Parliament and to have press then.

2. I envisaged signature of treaty by US on February 10.⁴

3. Early presentation of treaty Senate for ratification and

¹ For previous documentation regarding the interest of the United States in the establishment and maintenance of democratic government in Bulgaria, see *Foreign Relations*, 1946, vol. vi, pp. 46 ff.

² Kimon Georgiev, Chairman of the Bulgarian political party People's Union Zveno; Bulgarian Prime Minister from September 9, 1944 to November 21, 1946. Following the Bulgarian national elections of October 27, 1946, a new Bulgarian Cabinet was formed by Prime Minister Georgi Dimitrov, Secretary General of the Bulgarian Communist Party. In that Cabinet, Georgiev was named Deputy Prime Minister and Minister for Foreign Affairs (from November 23, 1946).

³ *Foreign Relations*, 1946, vol. vi, p. 150.

⁴ The Treaty of Peace with Bulgaria was signed in Paris on February 10; treaty ratification was desposited in Moscow on September 15, at which time the treaty went into effect. For documentation on the signing, ratification, and deposit of ratification of the treaties of peace with Bulgaria, Hungary, and Rumania, see volume III.

4. Recognition of government in interim pending ratification of by fact itself of ratification and deposit of instrument thereof [*sic*]. I said I personally rather thought Secretary would prefer recognition to flow from Senate's act of ratification than from any specific earlier decision on act by himself, in former event burden on him to deal with what Senate might find unsatisfactory in state of affairs obtaining in Bulgaria would be the lighter.

Georgiev fully understood my remarks in relation to Secretary's September conversation with him in Paris.⁵ I told FonMin that it was my personal view that relatively satisfactory results of election, despite fraud and restraint involved, made it possible for us now to concentrate on elimination of ACC as wall between US and Bulgarian Governments, free Bulgaria from occupying military force, to seek conditions that would permit US Govt directly to influence Bulgarian Govt in way of truly democratic methods and real economic and social rehabilitation, and that what important misgivings remained from past are those emphasized by government inspired recent campaign to throw opposition out of GNA and decision "forever to suppress" newspaper *Zname*⁶ (see mytels 988 and 989 December 2⁷).

Georgiev replied he could only hope my estimate or something better in terms of time table was realizable, that he could assure me no "strong arm" methods would be used against opposition despite hue and cry, and that government is most anxious to reestablishment of normal relations as all members of Cabinet realize economic rehabilitation of country absolutely impossible without materials from US particularly machine tools, road building, mining and railway equipment and motor trucks. In this latter connection he spoke at length of government plans for electrification, irrigation, completion of road and railway systems and moderate industrialization.

At this point, I took up two specific subjects that had caused me to seek interview, namely, (1) possible fabricated charge in connection with alleged conspiracy against regime and favor of support for western democracies in any eventual war between them and Soviets by so-called neutral officers (see mytel 959, December 12⁸), of irregular activities by US and UK official personnel in Bulgaria, and (2) press

⁵ The reference here is presumably to the conversation in Paris on August 27, 1946, between the Secretary of State and the then Prime Minister Georgiev; for the record of that conversation, see *Foreign Relations*, 1946, vol. vi, p. 136.

⁶ *Zname*, which was closed down by the Bulgarian Government in October 1946, was the newspaper of the Democratic Party, one of the opposition parties to the Communist-dominated government.

⁷ Neither printed.

⁸ Not printed.

insults to US. These subjects dealt with my immediately following telegrams 7 and 8.⁹

Sent Department; repeated Moscow as 1 and London as 1.

BARNES

⁹ Telegram 7, January 4, from Sofia, is printed *infra*. Telegram 8, January 4, from Sofia, not printed; in it, Representative Barnes reported that he had brought to the attention of Foreign Minister Georgiev the fact that many articles and cartoons insulting the United States and the United Kingdom had appeared in government-supported newspapers. The telegram concluded:

"I asked him to explain, in connection with question of recognition of Bulgarian Govt by US, insults and discrepancies established by facts I laid before him. He admitted situation reprehensible and that something drastic should be done to bring conditions into line with govt's protestation of friendship and fairness." (741.74/1-447)

874.00/1-447 : Telegram

The Representative in Bulgaria (Barnes) to the Secretary of State

SECRET

SOFIA, January 4, 1947—5 p. m.

7. According to official press December 11 organization known as "Neutral Officers" indicted on conspiracy charge based on alleged oath: "(1) To struggle against authorities for overthrow of regime, when possible; (2) to assist Military League,¹ should League undertake action looking to overthrow of regime; and (3) to give active assistance to western powers through formation resistance movement in North Bulgaria and surrender to them of forces in south Bulgaria in event of war with Russia." Indictment also charged "members to establish contact with all staff elements Bulgarian Army and intelligence section of organization to be in touch with Bulgarian General Staff, opposition parties, other patriotic and nationalist organizations and foreign missions".

Before opening of trial December 30 I learned from most reliable source that purpose was primarily to "smear" opposition, to "establish" alleged connections between it and "western reactionaries" and in connection with latter point to prove "intelligence contact" between "Neutral Officers" and members of United States and United Kingdom missions. Purpose also to justify army purge of last summer and to provide basis for "liquidation" General Kyril Stanchiev,² still held under house arrest if not actually in prison. I also learned that most

¹ An organization of Bulgarian military officers which had been formed after World War I and had frequently been involved in *coups d'état*. In the late 1920's, the Military League formed a political organization called Zveno (Link) which subsequently became the political party People's Union Zveno.

² Gen. Kyril Stanchev, a wartime Bulgarian army commander, had been arrested in the spring of 1946. In October 1947, General Stanchev and 38 other Bulgarian army officers were tried for complicity in an alleged conspiracy by the Military League against the Bulgarian Government. Stanchev was convicted and sentenced to life imprisonment.

brutal methods had been used to extort confession from accused that might implicate United States military personnel and that as result treatment to which he had been subjected General Popov (see my telegram 959, December 12³) became insane.

Trial opened as scheduled December 30. After reading indictment, indefinitely postponed "because illness made attendance General Popov impossible".⁴

Following is translation of opening section of extorted confession of General Popov which government intends to use:

"I recognize myself guilty having formed, together with other accused, secret organization of officers serving in army for struggle against authorities, with program as it is stated in indictment. I recognize that our organization had established connection with opposition—BANU of Nikola Petkov,⁵ with people from British and American missions and with people of secret organization 'Military Union'. I stated truth at preliminary inquiry. I shall state it also before you. I repent and I beg for indulgent treatment."

I revealed all foregoing to Foreign Minister Georgiev in my conversation with him today (see my telegram No. 6). I stressed fact that as both of us hoped for early resumption official relations between our two governments we each under heavy obligation to do whatever possible to avoid having all past disagreements about conditions in Bulgaria again dragged into question of recognition. I said it should be obvious to him that if any one "watertight compartment" of present Bulgarian regime engaged in brutal and dishonest "frameup" against United States and opposition parties all of our "fixed ideas", "prejudices" or "whatever he liked to call our views about totalitarian methods", would come to fore again in Bulgarian question. Minister did not seek to deny anything that I had brought to his attention and readily admitted responsibility to do everything possible to simplify rather than complicate recognition question. He said Bulgaria has been going through serious illness, that such matters as one I had just brought up were manifestations of this illness, that he was sure I would agree there had been considerable improvement of patient in recent months.

I said that I agreed, but that there would have to be improvement in instant case to make me hopeful of real recovery. He promised to

³ Not printed.

⁴ As result of the "Neutral Officers" trial, seven Bulgarian military officers were sentenced to imprisonment. The trial of Gen. Ivan Popov was postponed until May 1947. Popov was convicted of conspiracy against the government and sentenced to 15 years imprisonment.

⁵ The leader of the Agrarian Union, the principal Bulgarian political party in opposition to the Communist-dominated government.

do his best, and I believe that he will. How effective his intervention will be only future can establish.

Sent Department; repeated Moscow as 2; London as 2.

BARNES

874.01/1-1847 : Telegram

The Secretary of State to the Representative in Bulgaria (Barnes)

TOP SECRET

URGENT

WASHINGTON, January 18, 1947—2 p. m.

20. Concerning prospective termination armistice period Bulg upon ratification peace treaty, effect conclusion treaty on status US recognition Bulg Govt, and question future US relations Bulg, it is our present view that there is no necessary connection between ratification of treaty and recognition Bulg Govt except to *de facto* extent already implied by our participation in invitation that Govt to present views at peace conference, before CFM, etc. Treaty will terminate state of war but does not imply obligation this Govt recognize Bulg Govt or establish diplomatic relations [with] it.

In latter connection, however, it is our tentative belief that for both political and practical reasons we should reestablish such diplomatic relations either 1) without delay and before ratification or 2) between date Senate consent ratification and exchange ratifications, provided situation in Bulg does not deteriorate in meantime. We are inclined to favor the later timing and in either case would contemplate accompanying action with statement our attitude that elections left much to be desired but also calling attention fact resulting presence in Parliament of appreciable representation democratic elements previously excluded Bulg politics. As initial step we would accredit you, the present representative, as Chargé d'Affaires to Bulgaria, at least for a brief period, leaving accreditation Minister for later determination depending on developments.

Before making definite decision this matter we will appreciate urgent expression your estimate desirability such course or any alternatives you may wish to suggest with particular reference effect such action on position democratic elements Bulgaria.

BYRNES

874.01/1-2047 : Telegram

The Representative in Bulgaria (Barnes) to the Secretary of State

TOP SECRET

SOFIA, January 20, 1947—5 p. m.

49. As implied in subparagraph No. 4, mytel 6, January 4, I am in accord with Dept's preference procedure No. 2 as set forth second

paragraph Deptel unnumbered January 18, 2 p. m.¹ concerning recognition Bulgarian Govt.

Also agree with Dept's belief that for political and practical reasons diplomatic relations should be reestablished near future with Bulgarian Government.

Bearing in mind our observations to date on development Bulgarian domestic political affairs during armistice period, believe views expressed first paragraph Deptel just referred to should be communicated Bulgarian Govt sometime between now and ratification or upon ratification with added statement, which might subsequently be made public, that presence appreciable representation numerous democratic elements in GNA gives rise to real hope that evolution of Republic's political life will be in accordance with principles agreed upon at Yalta and Potsdam;² therefore that US Govt prepared to exchange Ministers Plenipotentiary and Envoys Extraordinary in conviction that regularization of relations between two countries and immediate implementation of peace treaty to replace armistice conditions will facilitate this development and consequently improve political, social and economic life Bulgarian people.³

Some such statement rather than one emphasizing what elections left to be desired would motivate continuing efforts US toward liberalization Bulgarian political regime, would constitute caveat upon which we could later fall back should regime worsen and political situation deteriorate rapidly to disadvantage of human and political freedoms, following deposit of instrument of ratification.

I believe statement stressing what elections left to be desired would be interpreted, and hence used against us throughout Balkans as sanctimonious, hypocritical and meaningless statement devised to bail us out of situation we no longer found to our liking. I suggest the other formula as one calculated to emphasize fact that we are by no means complacent about future developments and that if these developments are not along lines of Yalta and Potsdam, then we will

¹ The reference here is to telegram 20, January 18, to Sofia, *supra*.

² The references here are to the Declaration on Liberated Europe, Part V of the Report on the Crimea Conference, February 11, 1945, *Foreign Relations*, The Conferences at Malta and Yalta, 1945, p. 971 and Part X of the Report on the Tripartite Conference of Berlin, August 2, 1945, *Foreign Relations*, The Conference of Berlin (The Potsdam Conference), 1945, vol. II, p. 1509.

³ In telegram 51, January 21, from Sofia, not printed, Representative Barnes recounted a conversation of the previous evening with Nikola Petkov. Petkov expressed the view that a statement along the lines described in this paragraph of Barnes' telegram was the best means to minimize the deceptive effects on the Bulgarian voters of the recognition of the current Bulgarian regime. Petkov also thought it was important that the United States and the United Kingdom exact from the Bulgarian regime an undertaking to have all Sofia newspapers publish any official American and British statements accompanying recognition (874.01/1-2147).

reexamine situation to advantage insofar as lies within our power, of truly democratic elements in country.

I believe formula suggested would also be tactically advantageous. It would give us time to move slowly and cautiously in matter of accrediting Minister to Bulgarian Government. As in case of Rumanian recognition, Bulgaria would be afforded opportunity of taking first step toward accrediting regular representative in Washington. If subsequently because of delay in this matter by Bulgarian Govt for some unforeseen reason initiative could always be seized by US to accredit representative to Bulgarian Govt.

As for myself, and Dept's suggestion that as initial step I should be accredited as Chargé d'Affaires, I feel both for official and personal reasons, this would be great mistake. Perhaps erroneously but nevertheless fully in spirit of Dept's original instructions to me November 3, 1944,⁴ I have throughout armistice period arrogated to myself position far in excess of that of normal diplomatic representatives of full ministerial rank. My British and Russian colleagues have done same. As representatives of major victors this seemed only right.

I believe my British colleague and I have been justified by results. Had we not done so whatever success has been attained by US and UK efforts to protect and foster human and political rights would not, in my opinion, have been accomplished. For my status suddenly to become that of Chargé d'Affaires, at very moment we recognize present Communist Govt, would certainly prove confusing and deceptive to democratic elements who quite normally and naturally will be disturbed by our final acceptance govt over which former Secretary General of Russian Comintern⁵ presides. At same time Communist Govt would doubtless find considerable cause for pleasure in my status as Chargé d'Affaires and point to that status as proof that during armistice period I had arrogated to myself status and attitude toward Bulgarian Govt never sanctioned by my government.

Furthermore it seems to me that had Department given full consideration problem of fulfillment treaty as provided Articles 33 and 34⁶ it would not be necessary for me to make immediate preceding

⁴ Not printed. For similar instructions to the United States Representative in Hungary, March 19, 1945, see *Foreign Relations*, 1945, vol. iv, p. 807.

⁵ The reference here is to Bulgarian Prime Minister Georgi Dimitrov.

⁶ In the Treaty of Peace with Bulgaria, signed in Paris on February 10, the articles under reference here were included as articles 35 and 36 respectively. These articles defined the manner in which the Heads of the Diplomatic Missions of the United States, the United Kingdom, and the Soviet Union would represent the Allied and Associated Powers in dealing with the Bulgarian Government in matters concerning the execution and implementation of the Treaty. For Representative Barnes' more detailed comments on these articles, see telegram 23, January 10, from Sofia, p. 1.

observations. British will soon have Bennett here as full Minister,⁷ and whether he is or is not Ambassador, ambiguity in Russian terminology for its Chiefs of Mission permits local ascription of ambassadorial rank to Kirsanov.⁸ Viewed in light obligation imposed by Articles 33 and 34, position US Chargé d'Affaires would be anything but enviable and effective in these circumstances.

I have already suggested to Department thru personal channels that immediately after being afforded opportunity to confer with our delegate on Security Council Balkan Investigating Commission,⁹ I be called to Dept for consultation. I have also written personally to Secretary under date December 28¹⁰ (letter left here by courier January 2) expressing my views on our future representation Bulgaria and on my own future. I feel strongly again both for official and personal reasons that my mission here should be terminated in such way as to emphasize and consolidate what we and British have done in Bulgaria during past two years to bolster human and political freedoms. If this cannot be done by assignment that would enhance or at least leave record intact on basis of whatever merit it has, then it would be better for all concerned, that is for American interests in Bulgaria and in Balkans in general and for truly democratic elements of Bulgarian population and for myself personally, if I were to receive no further foreign assignment.

I am sure Dept will realize that both from official and personal point of view, I should not be left long in ignorance as to its views on subjects discussed this telegram. Dept's silence on these matters for past month and half since conclusion meetings CFM in New York¹¹ has been disconcerting and trying.

BARNES

⁷ John Cecil Sterndale Bennett, the British Political Representative-designate to Bulgaria, arrived at his post in mid-March. Sterndale Bennett became British Minister to Bulgaria on September 18.

⁸ Stepan Pavlovich Kirsanov, Soviet Minister in Bulgaria.

⁹ On December 19, 1946, the United Nations Security Council established a Commission of Investigation to ascertain the facts relating to the alleged border violations along the frontier between Greece on the one hand and Albania, Bulgaria and Yugoslavia on the other. For documentation regarding the role of the United States in this Commission and the concern of the United States over the violations of the Greek frontier, see volume v.

¹⁰ Not printed. In it, Representative Barnes explained why he felt it would be unwise for him to be appointed Minister to Bulgaria. In particular, Barnes feared either that the Bulgarian Government would refuse an *agrément* in his case, or, if the *agrément* were accorded, there would be a continuation of the mutual distrusts and asperities of the armistice period (123 Barnes, Maynard B.).

¹¹ The Third Session of the Council of Foreign Ministers had been held in New York, November 4–December 12, 1946.

874.00/1-2047 : Telegram

The Secretary of State to the Representative in Bulgaria (Barnes)

SECRET

WASHINGTON, January 28, 1947—noon.

33. In light comments contained urtel 49 Jan 20 Dept will follow procedure no. 2 as set forth its previous telegram no. 20 Jan 18 and provided situation in Bulg makes it possible at that time contemplate informing Bulg Govt between date Senate consent to ratification and coming into force of treaty our readiness to reestablish diplomatic relations. We could also point to obligations which Bulg has assumed with respect to human rights its inhabitants under Article II and fact that implementation of peace treaty would not only improve political, social and economic life Bulg people but enable Bulg to take its place as a member United Nations. This communication could then be made public.

It is not, however, our intention make public any such statement prior to consideration by Senate of treaty nor do we feel it necessary to inform Bulg Govt in advance.

Your comments concerning rank to be assumed by first duly accredited diplomatic representative after resumption relations have been noted. We are inclined accept your suggestions in this respect and, if situation in Bulg then permits, are disposed to appoint a Minister to Sofia. Further consultation in this respect will be held with you upon your return US.

MARSHALL

874.00/1-2947 : Telegram

The Representative in Bulgaria (Barnes) to the Secretary of State

SECRET

URGENT

SOFIA, January 29, 1947—6 p. m.

80. Bearing in mind substance mytels 75, 77 and 79 today's date ¹ and fact that Bulgarian Government, as defeated ex-satellite, is in principle obligated to show some respect for Yalta agreement, I doubt that any government seeking recognition by US has ever made task of extending recognition more difficult than present Bulgarian Government.

By this I do not wish to say that I perceive alternative course for US of positive and constructive nature. Rather I mean that it is most difficult, and at times really impossible to hope that peaceful methods will prove constructive in sense that they may lead Russians and Com-

¹ None printed. They dealt with the continuing trial of the "Neutral Officers" and efforts of the Government and the Communist press to relate the alleged conspiracy of the accused officers with the leaders of the opposition political parties (874.00/1-2947).

unist-dominated east Europe to anything better in line with Yalta prospects than these countries are now experiencing. However, it is for Department, as it perceives overall picture, and not for this Mission to reach policy conclusions. But I do feel that contents of telegrams referred to emphasize anew need for formula of recognition that will bolster democratic elements Bulgaria as best possible against unrestrained fury of Communists, once recognition issue no longer in doubt. (In this connection please see mytel 49 January 20, 51 January 21² and 72 January 28³).

Repeatedly I ask myself question—will recognition open floodgates of new purge and blood bath? Frankly I do not know answer. I also believe contents of telegrams cited clearly forecast difficult period US-Bulgarian and US-USSR relations for first eighteen months of peace when USSR, US and UK representatives Sofia charged with execution and interpretation peace treaty.

BARNES

² Telegram 51 not printed, but see footnote 3, p. 141.

³ Not printed; it reported that the British Foreign Office contemplated *de jure* recognition of the Bulgarian Government at the time of the signing of the peace treaty (874.01/1-3047).

874.01/2-1447

*Memorandum by the Representative in Bulgaria (Barnes)*¹

TOP SECRET

UNITED STATES POLICY CONSIDERATIONS WITH RESPECT TO BULGARIA

For the time being the Communists are in full power in Bulgaria. They have arrived at this state of unhappiness for all other Bulgarians primarily through the force of Soviet occupation and domination of the Allied Control Commission during the Armistice period; also through the disintegrating effect on the so-called masses of Allied pre-Armistice propaganda against the old-established order and through Communist capacity to dupe liberal elements of the country into political, social and economic cooperation with them. The United States and the United Kingdom are, by force of circumstance, about to recognize and enter into normal diplomatic relations with the Communist government of Bulgaria. This state of affairs confronts the United States

¹ This memorandum was transmitted to the Secretary of State under cover of a letter dated February 14, not printed. Barnes also sent copies of this memorandum to the Embassies in Moscow and Warsaw and to the Missions in Budapest and Bucharest. In telegram 1010, March 25, from Moscow, not printed, Ambassador Walter Bedell Smith expressed his concurrence and that of his senior officers in the Embassy in the ideas expressed in Barnes' memorandum, particularly those concerned with economic and financial policy. (874.00/3-2547)

with the problem of what its policy should be toward Bulgaria from the outset of recognition.²

But, accepting recognition and the re-establishment of normal diplomatic relations as a foregone conclusion, what should be the course of United States policy in the circumstances set forth? Returning to the analogy of Central Europe following the Napoleonic wars—the last previous great effort at “liberation”—it may be recalled that Palmerston, writing of Austria said, “Italy was to her the heel of Achilles, not the shield of Ajax”. I suggest that this remark contains the grain of a guiding principle for us, with the mutation that we substitute Russia for Austria, and Eastern Europe, from the Baltic to the Aegean, for Italy. It might also be recalled that at the time Palmerston was expressing this view, “his envoy was travelling through northern Italy, talking of constitutions in Tuscany, hinting at the support of Great Britain to the cause of revolutions, and crying ‘viva l’indipendenza Italiana’ every time he was asked to make a speech”.

I therefore urge that we continue to do our utmost in this area to maintain the Hope and the Morale of the truly democratic elements of Eastern Europe. In my opinion this means, in the case of Bulgaria, that Articles 35 and 36 of the peace treaty should be implemented through our “concerting” only to the extent that circumstances compel. I myself should describe these circumstances as only those occasioned by the need to interpret the treaty in relation to the rights of United Nations for whom in the matter of “execution and interpretation” the three diplomatic agents are to be the “arbiters”. As for all other matters, the conflicting interests of the Three Powers in Bulgaria, the obligation of the Bulgarian Government to fulfill the political and financial clauses of the treaty, to respect the territorial limits set by the treaty, and therefore to refrain from other territorial arrangements—all these, in my opinion, should be dealt with by direct diplomatic pressure on the Bulgarian Government, as individually the three “interpreting” States may decide to act. Futile efforts to “concert” can only lead to frustration—frustration on our own part and frustration for the truly democratic elements of the Bulgarian population. In addition, I would suggest a prompt readiness to haul Bulgaria before the United Nations on the slightest provocation of disregard for the political, territorial and financial clauses of the treaty. In my opinion, too much emphasis cannot be given to the proposition that the outstanding consideration in favor of re-establishing peace is that by the termination of war we shall regain our

² The portion omitted here, covering some five typewritten pages in the source text, attempted to show the historical significance of the emergence of Communist regimes in Eastern Europe.

independence of diplomatic action with respect to the Bulgarian Government, within the limits of our overall relations with the United Kingdom and the USSR.

I believe the United States and the United Kingdom possess another, and perhaps far more efficacious means of influencing political developments in this part of the world. As noted earlier in this memorandum, wherever the Communists have come to power, they have done so largely by duping liberal elements into political, social and economic cooperation with them. Let us not permit recognition and the re-establishment of normal diplomatic relations with the Bulgarian Government to lead us into this same error. The leaders who have chosen the Communist way, have done so as free agents. To them only the "Almighty Soviets" are touchables—the rest of us are to be "used" only for the greater glory of Communism. Let us leave them to stew in their own juices a while. This may be harsh for Bulgarians as a whole, but then a hard period is before them no matter what we may do. To give the present Communist regime of Bulgaria the economic assistance that it hopes for—and it hopes for this not to render us any less "untouchable", but because it is already manifest to them that Russia cannot supply the aid—would only further batten the Communist regime onto Bulgaria.

The Dimitrov Government is committed to an ambitious program of State electrification, irrigation, transport development and industrialization. To accomplish this it needs almost every product of Western industry. To pay for these, it needs Western credits. If the United States and the United Kingdom do not falter, the Communist Government of Bulgaria will be compelled to broaden its political base, or fall ignominiously. Russia cannot bail it out of this predicament, and the Communist leaders here and in Russia know this. Their only hope lies in deluding us and the rest of the West into providing the wherewithal.

As for the population's need of consumer goods, especially the needs of the peasantry for the simple articles with which to clothe themselves, to care for their health and to produce the food that they and neighboring peoples must have—these are needs that we can do our share to satisfy without bolstering the Government and without harming ourselves. The Bulgarian people will know where such goods come from if we supply them, and they will have the intelligence to understand why they have been provided, and why the needs of the Government's ambitious development and industrialization program have not been met.

I do not mean to suggest that Russia's Achilles heel will be uncovered in Bulgaria. What I mean to say is that if we remain firm

in our beliefs and live up to the trust of others in us by a "hard" policy in this part of the world, somewhere from the Baltic to the Aegean, that vulnerable spot will be uncovered and then the fire of regained freedom will spread from one sea to the other.

SOFIA, February 5, 1947.

MAYNARD B. BARNES

874.00/2-647 : Telegram

The Representative in Bulgaria (Barnes) to the Secretary of State

SECRET URGENT

SOFIA, February 6, 1947—noon.

95. Regret necessity report each day brings forth new evidence pointing to determination Communist dominated Bulgarian Govt to drive opposition leaders from GNA and to impose police sanctions rendering impossible any effective political opposition to Communist Party (mytel 87, January 30¹).

Prosecutor's summation neutral officers trial asserted "without influence opposition officers conspiracy would not have been organized". Prosecutor recommended "extenuating circumstances" in view of confessions. No doubt exists in minds of honest people how fabricated "confessions" were obtained. Even so no overt act proven; nor was any attempt made to prove more than "intention to work by whatever means possible for overthrow of govt and establishment truly democratic regime". Nevertheless, trial serving purpose of opening wedge to prosecution opposition leaders as "traitors and agents Bulgarian and foreign reaction".

Late last night Parliament voted withdrawal parliamentary immunity of opposition Agrarian Deputy Peter Koev on grounds trial revelations involved him in conspiracy against state. He was immediately arrested in chamber corridor by agents political security militia.

Recent days during continuation debate on confirmation election returns opposition deputies presented evidence widespread election frauds by producing on floor of chamber "stuffed ballots" actually used by Communists and false election cards issued by Communists municipal and commune authorities. These revelations provoked Prime Minister Dimitrov to further menacing declarations as to how opposition would be dealt with in another month (presumably after peace in

¹ Not printed; it read in part as follows:

"I fear that long term stay of Georgi Dimitrov and his entourage Moscow has convinced present masters Bulgaria that it is far easier and much more agreeable to govern without opposition. I also fear they have become so accustomed to orders from Moscow that even illusion that independent Bulgarian Govt exists can be maintained only with greatest difficulty." (874.00/1-3047)

force) and to employ "mucker" language reminiscent old time livery stable days US.

Opposition leaders fear Communists plan to clap them all in prison thus rendering Agrarian, Socialist and Independent intellectual opposition leaders [apparent garble]. Then after entry into force peace treaty to hold new elections permitting only three parties to stand namely: Communists, Govt Agrarians and Govt Socialists. "Labor Front" govt would then be formed.

Because of accumulating evidence Communists designs that might render US early recognition Bulgarian Govt most difficult, if not impossible, I sought out Provisional President Kolarov² yesterday evening and on purely personal and friendly basis told him of my misgivings and concern. Our conversation touched upon neutral officers trial, contemplated action against Koev, reports of Communists' intention to liquidate in general opposition leadership and menacing nature remarks made in Parliament against opposition. It developed very much as my conversation with Georgiev reported mytel 7, January 4.

Kolarov sought to reassure me on every point explaining that Communists now determined to adopt benevolent attitude toward those "led into stupidity of conspiracy or other acts of unjustifiable opposition to FF". He asserted that govt now recognizes necessity accept existence of an opposition; that in fact govt has now come to western parliamentary conception realizing that without an opposition west cannot comprehend nature new Bulgarian regime.

I think he really believes some of what he said to me but this did not make his observations more convincing in light of evidence to contrary accumulating daily. It was mutually agreed that whenever I perceived developments that might disturb trend toward early recognition Bulgarian Govt, I should seek him out on personal basis and discuss matter. Conversation probably accomplished no more than to register continuing US desire to do all possible and proper under existing circumstances to see that diverse democratic elements permitted participate country's political life.³

Sent Dept, repeated London 14, Moscow 15.

BARNES

² Vasil Kolarov, President, Bulgarian Grand National Assembly, November 21, 1946-December 9, 1947; member, Politburo and Central Committee, Bulgarian Communist Party.

³ Telegram 97, February 6, from Sofia, not printed, reported that Agrarian leader Petkov had expressed deep appreciation to Representative Barnes for his conversation with Kolarov and had stated that all opposition leaders felt more secure as a result of the conversation. The telegram added:

"He [Petkov] added that he would never despair of broadening political base government so long as US continued to manifest real interest in participation diverse democratic elements in political life of country." (874.00/2-647)

874.5151/3-1347 : Telegram

The Representative in Bulgaria (Barnes) to the Secretary of State

RESTRICTED URGENT

SOFIA, March 13, 1947—5 p. m.

165. Only in Balkan country such as Bulgaria, dominated by Soviet Union and governed on spot by such neurotic demagogic Communist and Russian enthusiast as Georgi Dimitrov, could *opéra bouffe* of so-called battle of bank notes (see my telegrams 157, 158, 160 and 162, March 12¹) reach such dimensions as incident now gives promise of attaining.

Stupidly, Prime Minister Dimitrov has now seen fit indirectly to reply to joint note reported my telegram 158 by lengthy declaration to press in which, in effect and perhaps quite unconsciously, he destroys any real basis for presence of diplomatic missions in Bulgaria.² He charges missions with being principal supporters of black market, both currency and commodity, with being largely responsible therefore for high cost of living, with utter disregard for laws of country, with being tactless and unnecessarily provoking incidents, with bearing false witness and with imaginary appreciation of their own importance.

In particular Prime Minister charges French Minister,³ in connection with incident revolving around person of special correspondent of France Press, French woman, with rude disregard for Bulgarian law and with deliberate falsehood. On morning of March 7 this woman sought to deliver leva funds of France Press to French Legation. She was restrained by militia from entering Chancery and when finally French Minister came to her aid at entrance to Legation grounds she was struck in face by militia but nevertheless was rescued with her funds by French Minister. She has since been deported by order of Minister of Interior over protest of French Minister on grounds that

¹ These telegrams are not printed. On March 7, the Bulgarian Government announced that most bank notes and certain categories of bearer bonds would have to be turned in to the Bulgarian National Bank in exchange for new bank notes. Diplomatic missions were required to make their exchange the same day. The Bulgarian Government also sought to insist on rules giving it far greater control over currency used by diplomatic missions. Persons were arrested outside the American and other diplomatic missions, apparently as a result of the Bulgarian Government's effort to implicate these missions in illegal currency transactions. The Chiefs of the British, French, Swiss, Swedish, Turkish, Italian, and United States Missions on March 12 addressed a joint note to the Bulgarian Foreign Ministry protesting the serious nature of the infringement of diplomatic privileges and immunities committed by the Bulgarian authorities in connection with currency exchange.

² In a note of March 12, the text of which was transmitted to the Department in telegram 169, March 15, from Sofia, not printed, the Bulgarian Foreign Ministry rejected the joint note of March 12 from the "Western missions" on the grounds that representations regarding the currency conversion had been accomplished through a *démarche* by the dean of the diplomatic corps in Sofia, the Rumanian Minister, Achille Barcianu (874.5151/3-1547).

³ Jacques-Emile Paris.

for long time past she "rudely intervened in Bulgarian political life". Prime Minister untruthfully states militia agent attacked by French Minister instead of reverse.

Dimitrov's extraordinary statement ends with declaration that despite illegal origin of funds of foreign missions all funds already declared by them will now be exchanged.

This concession, however, promises no end to bank note battle. Conclusion to be drawn from Dimitrov's statement is his estimation that no matter to what extent foreign chiefs of mission may be insulted by Bulgarian Government they can be bought off and quieted by monetary concessions. This is by no means consensus of chiefs of mission. Those of us who signed joint note of March 11 met this morning and convoked so-called Dean of Corps (Rumanian Minister who in addition to representing Russian satellite state was sent Bulgaria as Minister when his own government was still actively prosecuting war against three great Allies and when Bulgarian Government was likewise engaged) before them with demand that he call meeting of full Diplomatic Corps tomorrow morning at 11:30 to consider action suitable in reply to Dimitrov's affront to all chiefs of mission. French Government also appears unwilling to be bought off so cheaply. French Minister has received instructions fully supporting his action to date and calling him urgently to Paris for consultation with view to formulating measures that may bring Bulgarian Government to its senses in dealing with chief of French Mission.

It is anticipated that tomorrow's meeting, in which presumably Slav bloc representatives will participate for first time, will prove lively and perhaps explosive. Non-Slav representatives here have reached limit of their patience in relations with Communist-dominated Foreign Ministry and provocative and insulting militia.⁴ Fact that they have gained their point that official leva funds shall be completely covered by new bank notes secondary in their minds to mistreatment which they have received at hand of Bulgarian Government.

Dimitrov's statement asserts no justification in international law or municipal law for any exceptional treatment of foreign nationals, no matter of what country, in application of monetary reform. He makes no mention, nor do new monetary regulations, of Bulgarian bank notes

⁴ Telegram 170, March 15, from Sofia, not printed, reported that the Chiefs of the Albanian, Czechoslovak, Polish, Soviet, and Yugoslav Missions in Sofia had refused to join the Chiefs of the Western Missions in their meeting on March 14, and the Rumanian Minister offered only to use his informal good offices in any future *démarche* by the Western Missions. The telegram commented as follows:

"It is now clear that in effect two separate diplomatic corps exist, one of western 'outlaws' and other of eastern 'sycophants'. I think it worthwhile for Department to bear this in mind in connection with joint diplomatic action that may in future become necessary any European capital." (874.5151/3-1547)

and bearer bonds held abroad. He states that "everybody will agree that Bulgaria is independent country and that capitulation is not in force here". He appears to ignore force of armistice and of economic provisions of peace treaty. Mission now studying these provisions and seeking statement on these points of Bulgarian National Bank.

BARNES

874.5151/4-1747 : Telegram

The Representative in Bulgaria (Barnes) to the Secretary of State

URGENT

SOFIA, April 17, 1947.

246. Following is text of statement agreed to between Bulgarian Govt and non-Slav chiefs of mission terminating bank note incidents:

First paragraph identical with first paragraph mytel 171.¹

Second paragraph same as first sentence second paragraph mytel 171 with elimination of France.

New text from beginning third paragraph on:

"They sincerely deplore that during quite natural period of tension produced by operation of exchange of bank notes they were deprived of close collaboration and counsel of Minister for Foreign Affairs because of his illness. They are convinced that if this circumstance had not made difficult this close collaboration no misunderstanding would have cropped up.

"They are equally convinced that it has never been intention of govt to impute to them activity against interests of Bulgaria and that all such differences as may have appeared to exist between their point of view and that of govt would have been avoided if usual contact between MinFonAff His Excellency Kimon Georgiev had not been made difficult as result his illness.

"Normal solution of problem of supplying Missions with means of Bulgarian payment had been made unrealizable by economic perturbations marked in Europe whole period that followed cessation of hostilities against Germany. Bulgarian Govt recognizing these difficulties is now considering measures to solve this problem.

¹ Telegram 171, March 15, from Sofia, is not printed. It transmitted the text of a draft statement prepared by the Western Chiefs of Mission at their meeting on March 14. Paragraphs 1 and 2 of that draft statement read as follows:

"Point of view of Bulgarian Government with respect to manner in which foreign diplomatic missions have figured in operation of exchange of old leva bank notes and treasury bearer bonds was expressed in press statement of Prime Minister that appeared in newspapers on March 13.

"Chiefs of Mission of France, Italy, Sweden, Switzerland, Turkey, United Kingdom and United States feel that public should also be made aware their point of view in matter. Above all they regret that during quite natural period of tension that marked first day of monetary reform they were deprived of close collaboration and counsel of Minister for Foreign Affairs. They remain convinced that had illness of Minister not rendered this collaboration impossible between them, misunderstandings that have since cropped up would never have occurred." (874.5151/3-1547)

"In this circumstance govt and Missions above-named together sincerely deplore that which occurred March 7 and they are happy to note that misunderstanding between French and Bulgarian Govts has been settled in accordance with press statement of April 15 published by these two Govts.

"Furthermore they mutually recognize need for close and prior contact between Minister of FonAff and chiefs of Mission when relations of exceptional nature between local administrative authorities and diplomatic establishments are envisaged.

"Bulgarian [Government?] and chiefs of Mission mentioned will make public their agreement to dispel exaggerated and tendencious rumors of serious disagreement between them on subject exchange of bank notes."

It is agreed by Minister for FonAff that govts concerned may make this statement public at whatever time they choose.

BARNES

871.918/5-347 : Telegram

The Acting Representative in Bulgaria (Horner)¹ to the Secretary of State

CONFIDENTIAL

SOFIA, May 3, 1947—6 p. m.

URGENT NIACT

291. I called upon Foreign Minister Georgiev this morning to inquire as to reasons suspension opposition Social Democratic newspaper *Svoboden Narod* (mytel 284, April 30²) and obviously govt inspired decision printers not handle opposition Agrarian *Narodno Zemedelsko Zname* (British political representative made similar request yesterday).

Georgiev expatiated at length on subject critical food situation expected confront country this year, third in succession of drought. He said owing this expected food crisis Cabinet took very serious view any attempts on part farmers withhold cereals. He claimed *Svoboden Narod* had been guilty of counseling farmers do just this, and in response my inquiry stated newspaper's editorial April 27 direct cause its suspension.

Key portion editorial reads in translation as follows:

"Therefore people from now on should know what position is respecting wheat and other foodstuffs in order draw its conclusions and if necessary impose on itself still greater economies and limitations. In this regard, cry for calling in part reserves from [apparent garble] producers does not show farsightedness. To avoid famine, and

¹ Representative Barnes departed from Sofia on April 22, and John E. Horner assumed charge of the Mission in Bulgaria.

² Not printed.

not only on paper, there should be both public and private laying in of stocks to reasonable extent."

With respect *Narodno Zemedelsko Zname*, Foreign Minister claimed he had no official (he laid stress on word) information re reasons its failure appear since April 29. He stated he had asked Information Minister Dimo Kazasov provide him with full details and said he would inform me in premises.

Asked Georgiev whether fact *Narodno Zemedelsko Zname* had been only newspaper carry reasonable facsimile Secretary's radio report on CFM might have been reason its non-appearance. In that connection, I referred to extremely biased and militated [*mutilated*] portion Secretary's speech which appeared in all FF papers of April 30 (mytel 283, April 30³). Georgiev denied address had anything do with non-appearance paper. I went on to refer to what I considered very significant omissions in account of address printed in govt press pointing out that in most cases these omitted sections had reference to USSR intransigence CFM and speech appeared locally gave false impression. Foreign Minister asserted Bulgarian press merely exercised editorial discretion in condensing speech; said some news agencies (he mentioned Reuters) had emphasized only, what he termed, juicier portions while Bulgarian editors, motivated by desire for big power unity, without which permanent peace was impossible, had expressed their tastes differently. To my remark that tastes Bulgarian editors seemed strangely unanimous, Georgiev merely smiled.

Sterndale Bennett and I both feel it would be unwise allow this latest action Bulgarian Govt in violating freedom press go unchallenged, especially since Sobranje is now in recess and there thus no effective voice of opposition. We plan see Soviet Minister Monday to inform him our attitude matter and prevent later charges of bypassing Soviets. Meanwhile I believe I should be authorized deliver note Foreign Minister expressing US concern over situation which note to be really effective should be given radio and press publicity. Sterndale Bennett is requesting same instructions from Foreign Office and we would hope deliver notes same day although not making them identical. In our own case believe action Bulgarian Govt in perverting sense Secretary's radio address should be made subject of separate note.

Sent Dept 291, repeated London 36.

HORNER

³Not printed; it reported that the Secretary of State's radio address of April 28, reporting on the Moscow session of the Council of Foreign Ministers, March 10-April 24, had appeared in the Bulgarian government press in a badly mutilated form (740.00119 Council/4-3047).

874.918/5-847 : Telegram

The Acting Representative in Bulgaria (Horner) to the Secretary of State

CONFIDENTIAL URGENT

SOFIA, May 8, 1947—4 p. m.

308. Have discussed substance Deptel 167 May 6¹ with Sterndale-Bennett and Generals Robertson² and Oxley.³ We feel that word "protest" used twice in that telegram is possibly too strong and I wish call attention to fact that in Mistel 291 May 3 I suggested notes should express our "concern" over nonappearance these newspapers. I believe this distinction important since it doubtful whether we have any legal grounds for "protest" now in view nonapplicability treaty whereas expression concern might legitimately be made because of expected early ratification.

Deptel 167 apparently crossed Mistel 301 May 7⁴ which gave substance interview Sterndale-Bennett and I had with Kirsanov and also gave Gen. Robertson's view that little would be gained by attempting discuss this issue in ACC. Meanwhile, Gen. Oxley has addressed letter to Gen. Biryusov⁵ asking for information re suppressions. It [is?] anticipated that reply, if received, will simply reiterate stock phrase that matter within internal province Bulgarian Government.

Mistel 298 May 6⁶ reported reappearance *Narodno Zemedelsko Zname* May 6. Understand very limited number copies that issue printed (Mistel 306 May 8⁶) and paper not published this morning. Since Prime Minister recently told Sterndale-Bennett he had ordered workers put out paper its nonappearance might be regarded by extremely naive observer as sign labor dissatisfaction with present regime.

All of us here believe that during this interim period between armistice and peace treaty our failure take official cognizance nonappearance these two opposition papers might be interpreted as acquiescence in their suppression thus rendering task of carrying out Article 2

¹ Not printed; it authorized Acting Representative Horner, acting in concert with the British Political Representative, to transmit to the Bulgarian Foreign Ministry a protest regarding the suppression of opposition newspapers. Horner was also authorized to protest the Bulgarian press perversion of the Secretary of State's radio address of April 28. (874.918/5-347)

² Maj. Gen. William M. Robertson, Chief of the United States Representation on the Allied Control Commission for Bulgaria.

³ Maj. Gen. W. H. Oxley, British Representative on the Allied Control Commission for Bulgaria.

⁴ Not printed; it reported that Soviet Minister Kirsanov had observed that the question of the suppression of newspapers was matter within the domestic jurisdiction of the Bulgarian Government (871.918/5-747).

⁵ Gen. Sergey Semenovitch Biryuzov, Soviet Chairman of the Allied Control Commission for Bulgaria.

⁶ Not printed.

of treaty all more difficult. We have no illusions that simple act of sending note will cause FF regime turn over new leaf but we do feel strongly that such note coupled with publicity US and UK would serve notice that we in earnest about implementation Article 2. With respect perversion Secretary's speech on CFM I wish refer to Mistel 299 May 6.⁷ In recent days FF press has carried large volume Tass and Tanjug comment reflecting adversely on US policy at CFM. It would therefore seem all more necessary that we bring to Bulgarian Government attention unfortunate effect on US public opinion of mutilation of address made by responsible official of one of countries with which Bulgaria presumably hopes establish friendly relations.

Sent Department 308, repeated London 37.

HORNER

⁷ Not printed.

711.74/5-1047 : Telegram

The Acting Representative in Bulgaria (Horner) to the Secretary of State

SECRET

SOFIA, May 10, 1947—6 p. m.

314. I called on Prime Minister Dimitrov this morning and our hour and half conversation covered following points in that order :

(1). I asked whether it was intention of Bulgarian Govt to create by effective date of peace treaty agency to provide liaison with Allied powers in connection with implementation of economic clauses. Prime Minister said such agency was definitely planned. He then brought up the question of Bulgarian frozen deposits in US which he said would exceed amount of restitution. The balance, he declared, Bulgaria wished to use to purchase urgently needed machinery and other materials from US. I said in reply that most effective action Bulgaria could take to secure unfreezing of these deposits would be to rapidly process claims of American nationals and that in that connection it would be desirable for Bulgarian agency handling claims to be ready to operate immediately upon entry into operation of treaty. Prime Minister said he realized necessity for quick settlement of economic clauses but that Bulgaria did not intend to pay any and all claims presented. I answered that undoubtedly there would be differences of opinion about validity of some claims and that in that connection conciliation commissions were provided for in Article 31 of Annex 4 of treaty.

(2). Prime Minister then went on to refer at some length to Bulgarian sensitivity regarding her sovereignty and asserted three Ministers contemplated in Article 35 would not be regarded as being successor to ACC or have right to dictate to Bulgarian Govt [apparent

omission] basis statement that Bulgaria would deal with each nation separately, I pointed to fact that Article 35 clearly provided that heads of Missions of Big Three would act in concert. I further said that we had no desire whatever to dictate to Bulgaria our main interest being to secure fulfillment of peace treaty and to establish friendly relations between our two countries.

(3). This led Prime Minister to ask why we were so interested in existence of Opposition newspapers in Bulgaria (he apparently anticipated my asking about nonappearance *Svoboden Narod* and *Narodno Zemedelsko Zname*). He claimed that neither American strategic nor economic interests were involved in continued appearance of these papers. I replied that he was perhaps overly cynical regarding main-springs of our foreign policy that we were not concerned simply with pursuit of material objectives but had real desire to see freedom of thought permitted to exist throughout world. Dimitrov declared that whether or not these papers should be allowed to appear as an internal matter to which I replied that in Article 2 of treaty Bulgaria clearly undertakes to allow fundamental freedoms including freedom of press.

(4). I then took occasion to mention unfriendly treatment given US in govt press recently.

I referred to mutilation of Secretary Marshall's report on CFM and contrasted it with extensive coverage given *Izvestia*¹ criticism thereof. I also spoke of articles such as one which appeared in *Trud* May 8 wherein Opposition leaders were said to receive "pecuniary inspiration" abroad. Regarding Secretary's statement Prime Minister took view similar to that of Foreign Minister (Mistel 283, April 30²) saying that editors had right to condense such speeches and that they had omitted no important sections. I contested this and said it seemed to me that FF press was deliberately following Moscow line on Conference. With regard to *Trud* article, I told Prime Minister its implication was that we were subsidizing Opposition leaders. He said he knew that foreign Missions do not pay Opposition but that certain quarters abroad do. I pressed him to give instances of subsidy from abroad but he took refuge in reply that such transactions were never put down on paper and consequently no legal proof was possible.

(5). Continuing general subject of Bulgarian-American relations, I told Prime Minister I thought actions of local militia was considerable irritant. I developed line argument suggest in Deptel 165, May 2,

¹ The reference here is to an article, highly critical of the Secretary of State's radio address of April 28, which had appeared in the Soviet newspaper *Izvestia* and which had been printed in a number of Bulgarian newspapers.

² Not printed, but see footnote 3, p. 154.

8 p. m.,³ referring to repeated assurances given commission [*Mission?*] that no employees would be arrested without prior consultation with chief of Mission. Dimitrov said he had given strict orders to militia head to make no arrests without written notification by Foreign Office to Mission concerned. He expressed surprise when I mentioned arrest my servant three weeks ago and said he would give instructions immediately for matter to be looked into.⁴ I had impression he was sincere in his statement that he had ordered militia to be more circumspect in dealing with foreign Missions.

(6). I expressed opinion to Prime Minister that early fixing of reasonable diplomatic rate of exchange would be highly desirable. I said I did not consider 450 rate to be reasonable (Mistel 270, April 26, 5 p. m.⁵). He said that this was only an interim rate and that Bulgarian Govt wished very much to establish definitive rate and was giving attention to matter.

(7). In conclusion Prime Minister treated me to lengthy peroration on subject of opposition. He said [apparent omission] in US and UK are not found in Bulgaria and that Bulgarian Opposition is "Balkan Opposition" motivated by sordid considerations. He expressed view that foreign representatives were unduly swayed by contacts with Opposition and suggested that I travel around country freely see for myself what was being accomplished by FF and talk with villagers and workers. I told him I fully intended to do this and hoped that as a result I would gain greater insight into what was happening.

He said that Bulgaria had nothing to hide, that she had twice been dragged into war against US and UK but that he could assure me that this would not happen again. Bulgaria would not be used as a pawn by any country against any other but would pursue an independent policy aimed at peaceful reconstruction.

HORNER

³ In telegram 280, April 30, from Sofia, not printed, Acting Representative Horner reported that his servant had been arrested by the Bulgarian militia on April 27 in a general roundup of former servants of the Bulgarian royal family. Horner had sent a note to the Bulgarian Foreign Ministry on April 29 protesting the arrest and continued detention of his servant (123 Horner, John Evarts). Telegram 165, May 2, to Sofia, not printed, gave guidance for further representations on this matter and concluded:

"Dept . . . believes that, if for no other consideration than that of US prestige, you should press matter vigorously. Last summer's experiences appear to indicate (1) that FonOff can be goaded into sufficient activity to settle instant case and (2) that in absence satisfactory settlement recurrences are not unlikely." (123 Horner, John Evarts)

⁴ Telegram 331, May 17, from Sofia, not printed, reported that assurances had been received from Prime Minister Dimitrov that Horner's servant, who had been accused of criminal acts, would be given a fair trial (123 Horner, John Evarts).

⁵ Not printed.

874.918/5-2947 : Telegram

*The Secretary of State to the Acting Representative in Bulgaria
(Horner)*

CONFIDENTIAL

URGENT

WASHINGTON, June 2, 1947—6 p. m.

193. Pursuant to Dept's inquiry of May 6 (Deptel 167 May 6¹) Brit Emb has now submitted draft note re Opposition press which Sterndale Bennett has been instructed deliver Bulg FonMin June 4. Emb has inquired whether Dept wishes to reconsider decision reported in Deptel 179 May 15² and to instruct you to lodge similar written protest. Emb has been informed that although we have no objections to proposed Brit action our position remains as stated in Deptel 179 May 15, and that subsequently both you and Gen Robertson have employed several opportunities to reiterate orally US Govt's concern re suppression Opposition press. We have also pointed out that differences between US and UK positions with respect to recognition of Bulg Govt and to ratification of Bulg treaty would in any case make it impossible deliver note along lines closely parallel to proposed Brit note.³

If Dept is questioned as to reasons for US Govt not taking action parallel to Brit, Dept will advise inquirers of our numerous oral expressions of concern. You should do likewise.

Sent Sofia 193 rptd London 2354.

MARSHALL

¹ Not printed.

² Not printed: it stated that in view of the fact that United States concern for Bulgarian press freedom had already been brought to the attention of the Bulgarian Government on several occasions, the Department considered that no further action on the matter, such as the presentation of notes or the accordance of press or radio publicity, was necessary or desirable at the present time (874.918/5-1047).

³ On June 26, a second British note protesting the treatment of the Opposition press was delivered to the Bulgarian Government. On July 1, acting on instructions from the Department, Acting Representative Horner orally informed Foreign Minister Georgiev that the views of the United States on the suppression of the Opposition press were parallel to those of the British. (Telegram 500, July 2, from Sofia, not printed 874.918/7-247)

874.00/6-747 : Telegram

*The Acting Representative in Bulgaria (Horner) to the Secretary
of State*

SECRET

SOFIA, June 7, 1947—6 p.m.

URGENT NIACT

408. Re Mistel 398, June 5.¹ I called upon Prime Minister this noon. He had previously seen British political representative. Present was Foreign Minister.

¹ Not printed: it reported information that the Parliamentary immunity of Nikola Petkov had been or was about to be removed and that Petkov was probably already under arrest on the charge of conspiracy against the government (874.00/6-547). The information was confirmed the next day.

I told Prime Minister that in view publicity which arrest Agrarian leader Nikola Petkov would arouse in US, I would be interested in ascertaining from him government's reasons for carrying out arrest.

Prime Minister then spoke roughly as follows: For considerable period government has been observing activities Petkov and his collaborators. Documentary evidence had been accumulated clearly showing he had been preparing *coup d'état*. Public prosecutor consequently felt it necessary to ask GNA to withdraw Petkov parliamentary immunity. Action to that effect was first recommended by Justice Committee of GNA and action by GNA as whole followed. Petkov was then arrested, is now being examined, and soon will be tried in open court. If Petkov is innocent he will be released and if guilty will have to take consequences. He will be tried "by sovereign Bulgarian country and not in London or Washington". Task of Prime Minister and Bulgarian Government is to assure fair trial. Prime Minister personally had given instructions that Petkov will be well treated, be attended by his personal physician, would have adequate diet and various small comforts, and "not a hair will fall from his head". Petkov is Bulgarian subject and subject to Bulgarian law. Intervention will be useless and intervention of foreign countries would only arouse suspicion that he had underground connections abroad. However if Petkov is American agent we should take steps to defend him.

I then said I had not received instructions from my government regarding this case but since I thought Prime Minister appreciated frankness I would like to give him my own impressions. I then said something along following lines. I believe my government would view Petkov's arrest with greatest concern. It is obvious that this was not an action which had occurred on spur of moment but must have required considerable preparation, groundwork for which had been laid by article by press director Topencharov in government newspaper *Otechestven Front* at time of sentence of General Popov (Mistel 343, May 23²). To me it seemed particularly unfortunate that at time when US Senate was in process of ratifying peace treaty³ Bulgaria GNA was engaged in passing measure withdrawing parliamentary immunity of widely-known and respected opposition leader. In previous conversation with me Prime Minister had stressed his desire for early ratification of peace treaty in order to pave way for subsequent friendly relations between our two countries. Present action coming on top of measures taken against opposition press could only be regarded by my government and American public opinion as extremely

² Not printed.

³ The Senate approved the treaties of peace with Italy, Bulgaria, Hungary, and Rumania on June 5.

inauspicious beginning. I had no doubt but that my government would regard arrest as violation spirit of peace treaty. I have searched for possible motive government action and could only conclude that it was its intention to do away with opposition as effective force prior to entry into effect of peace treaty.

Prime Minister asserted that GNA action waiving Petkov's parliamentary immunity had only happened to coincide with Senate approval of peace treaty ratification and there was no connection between two events. Bulgarians fully desire to carry out both letter and spirit of peace treaty. Government did not plan to liquidate opposition but on contrary wanted it to continue. However it would have to be a loyal opposition and not composed of *coup d'étatists* and saboteurs. He would never permit Bulgaria to become another Greece or Turkey. Prime Minister then quoted Bulgarian proverb to effect that "one should not burn a quilt to catch a flea". Petkov was a flea although possibly a large one and his fate should not mar relations between Bulgaria and US.

I should explain that Deptel 200 June 6, 8 p.m.,⁴ did not reach mission until 2:15 p.m. today, that is several hours after my interview with Dimitrov. If Department believes I exceeded standing instruction in my conversation with him, I can only express my regret.⁵ However it seemed to me that situation was sufficiently serious to warrant prompt action. I had already discussed case fully with General Robertson and Sterndale Bennett. Robertson was in full accord with my proposed line of action and Sterndale Bennett himself was taking similar steps. Neither Sterndale Bennett nor I overlooked likelihood that Dimitrov may issue distorted communiqué on these talks. Consequently I hope Department will find it possible to issue press release on subject as early as possible. Sterndale Bennett is recommending similar course of action to Foreign Office. As for further local action both General Robertson and General Oxley have discussed possibility of ACC meeting but are agreed that chances of positive result are virtually nil. However, if Department wishes such approach for record, suggest Robertson be so instructed.

As I see it arrest of Petkov, who is by far most popular and best known opposition leader in country, is but another link in chain which FF has been forging for past six months. Purpose of chain is to tie our hands completely before effective date of treaty confronting us at that time with situation akin to that in Yugoslavia at present. After

⁴ Not printed; it instructed Acting Representative Horner, in his interview with Prime Minister Dimitrov, to confine himself to requesting such facts as might be forthcoming regarding the arrest of Petkov. Further instructions were being withheld pending the receipt of additional information (874.00/6-547).

⁵ In telegram 203, June 9, to Sofia, not printed, the Department expressed approval of the action reported in this telegram (874.00/6-747).

forging each link smith has looked up to see whether his action was noticed. Finding strength of our displeasure barely sufficient to raise ripple on lake on summer day he continued his work with tranquil mind. For record I must state my conviction that reluctance of Department and British Foreign Office to authorize Sterndale Bennett and myself to make early strong and publicized protest against action taken against two opposition newspapers at end of April was contributing factor leading Bulgarian Government to take present steps against Petkov.

While realizing this is matter of high level policy and raises numerous implications I feel gravamen of considerations leading to decision last February (Deptel 44, Feb 4 [13] ⁶) to recognize Bulgarian regime shortly after ratification of peace treaty based on premise there would be effective and reasonably free opposition at that time. If that is so suggest decision be reexamined in context of past several months. There are now unresolved considerable number of problems of greater or lesser moment a partial list of which was contained in Mistels 314, May 10 and 351 May 27.⁷ To recognize present Bulgarian regime without assiduous effort to obtain specific assurances in advance on such of these questions as Department considers of basic importance would seem great mistake. It would mean writing off Bulgaria and abandoning any hope of implementing Article II of treaty. Believe we should hold up recognition until we are satisfied that minimum of conditions will be met or we should face fact that we will have no influence in this country in future. Middle course of recognizing government with pious statement that we hope they will observe Article II would seem to me to be least desirable alternative.

HORNER

⁶ Not printed; it stated that the Department's proposed policy for the recognition of the Bulgarian Government as set forth in telegram 33, January 28 (p. 144) need not be altered as a result of the British action extending *de jure* recognition to Bulgaria (874.01/2-1147).

⁷ Telegram 351 not printed. It reported that Acting Representative Horner, during a discussion with Foreign Minister Georgiev on May 26, had raised several questions in accordance with previous Department instructions. These matters included the unacceptability to the United States of the Bulgarian expropriation of American tobacco interests, the reservation of rights to certain American-owned properties transferred to the Soviet Union as German assets, the confiscation of American periodicals, discriminatory action against American film companies, and the publication of anti-American material in the Bulgarian press (717.71/5-2747).

711.00/6-947

*Minutes of the Secretary of State's Staff Meeting,
June 9, 1947, 9:30 a. m.¹*

[Extract]

SECRET

[WASHINGTON,] June 9, 1947.

A. Political Persecution in the Balkans

1. *It was agreed* that a terse, prompt and public protest should be made to Rumania concerning the recent mass political arrests.²

It was further agreed that ex-Premier Nagy of Hungary should be permitted to come to the U.S.

It was further agreed that Minister Maynard Barnes should not as he desires, return to Bulgaria to seek to obtain the release of Petkov, the recently arrested leader of the Agrarian Party.

It was further agreed that the U.S. should not alter its present plan to recognize the Bulgarian government following the coming into force of the peace treaty.

2. In the course of discussion, the following points were made:

a. Public protests on each occasion of undemocratic action, violating international agreements are useful, not so much in the hope of remedying the situation or just to make a record, but because of the effect on leaders of both sides in other countries similarly situated and as part of our "war of nerves".

b. The protest should not take the diplomatic tone of pretending that the country concerned had unintentionally overlooked commitments with which, when called to its attention, it will of course comply.

c. Messrs. Cohen and Bohlen reiterated the view that recognition should not be used as a moral weapon but that a public statement should be issued, perhaps coincident with Mr. Chapin's³ arrival in Budapest, pointing out that recognition implies no approval of a

¹ Present at this meeting were: Under Secretary of State Dean Acheson, Under Secretary of State-designate Robert A. Lovett, Counselor Benjamin V. Cohen, Legal Adviser Charles Fahy, Director of the Policy Planning Staff George F. Kennan, Special Assistant to the Secretary of State Charles E. Bohlen, Director of the Office of European Affairs H. Freeman Matthews, Director of the Office of Far Eastern Affairs John Carter Vincent, Director of the Office of Near Eastern and African Affairs Loy W. Henderson, and officers representing other bureaus and offices in the Department. These minutes were prepared by Ward P. Allen of the Executive Secretariat.

² For the text of the subsequent note from the Acting United States Representative in Rumania to the Rumanian Foreign Minister, delivered on June 24, expressing the concern of the United States over the deprivation of civil liberties in Rumania, see Department of State *Bulletin*, July 6, 1947, p. 39.

³ Selden Chapin, Minister-designate to Hungary, who arrived in Budapest on July 2.

government or its policies but that these will be judged individually on their merits.⁴

[The remainder of this meeting was devoted to an entirely different subject.]

⁴ At its meeting on June 12, the Secretary's Staff Meeting agreed that in case the question was raised concerning the reasons for sending Minister Chapin to Budapest, reference to the clause in the peace treaty charging the fully accredited diplomatic representatives of the major powers with certain duties in connection with the treaty would furnish an adequate explanation, coupled with a statement that recognition of the government did not mean approbation (711.00/6-1247). For additional documentation regarding the interest of the United States in the maintenance of democratic government in Hungary, see pp. 260 ff.

[On June 11, the Department of State issued to the press a statement setting forth the concern of the United States over the violation of civil liberties in Bulgaria in connection with the arrest of Nikola Petkov. For the text of the statement, see Department of State *Bulletin*, June 22, 1947, page 1218. In accordance with instructions from the Department of State, Acting Representative Horner transmitted a copy of this statement to Prime Minister Dimitrov on June 14.]

[On the occasion of his signing of the instruments of ratification of the treaties of peace with Bulgaria, Hungary, and Rumania on June 14, President Truman issued a statement expressing his regret that the commitments undertaken by the United States, the United Kingdom, and the Soviet Union at the Crimea Conference remained unfulfilled in Bulgaria, Hungary, and Rumania. For the text of the statement, see Department of State *Bulletin*, June 22, 1947, page 1214.]

874.00/6-2247 : Telegram

The Acting Representative in Bulgaria (Horner) to the Secretary of State

CONFIDENTIAL

SOFIA, June 22, 1947—1 p. m.

459. Reference Mission's telegram 458, today's date.¹ Following is political summary for period April 1 to June 19:

Parallel with political developments in other Soviet dominated Balkan countries, relentless offensive designed obliterate last vestiges democratic opposition to Communist dictated Fatherland Front gov-

¹ Not printed; it reported that the Mission in Sofia would inaugurate a series of bi-weekly analytical political summaries (874.00/6-2247).

ernment has been waged here past two months. Aim of offensive now virtually attained.

Castration of opposition accomplished in three distinct steps:

1. By early May last two opposition newspapers had been suppressed. Although press law providing for official suppression newspapers publishing articles inimical people's welfare was temporarily invoked against one, both now suppressed by sham that members printers union will not print matter so injurious to workers interests, latter notwithstanding protests of papers actual printers against unions strong arm tactics. Since then no opposition press has existed in Bulgaria.

2. In late May and early June estimated 20,000 persons, majority whom anti-Communist and supporters opposition, were called up under law for mobilization idlers for service in labor camps. Motive seems to be to get opposition members out of Sofia to prevent contact with foreigners and at same time provide needed manpower for economic plan.

3. Timed to follow immediately on United States Senate approval peace treaty ratification FF swiftly moved against Nikola Petkov, outstanding opposition leader, removing his parliamentary immunity and forthwith charging him with conspiracy to engineer military coup on behalf of "representatives of foreign reaction". This was followed shortly with expulsion from Assembly of 23 opposition deputies whose signed resignations found at Petkov's home. These actions also accompanied by other arrests and trials notably involving members "neutral officers" and "Military union", both oppositionary groups. These drastic moves were plainly designed finally and effectively dispose of last firm leaders of opposition.

By every means possible, including confessions obtained by torture, fabricated evidence and usual grotesque Communist distortions of concepts of democracy and treason, color of legality has superficially been preserved in each instance at least to point where discussion or argument with local authorities leads only to frustration, produced by impossibility mutual acceptance terms.

Status now is that all means free expression have been destroyed and most outstanding and active opposition leaders are disposed of completely or dampened. Agrarian opposition still active in party meetings but few members with leadership experience remain. Leadership Socialist opposition has been virtually untouched but its effectiveness under circumstance is small.

To those of opposition not yet touched FF has extended olive branch, stating that, if opposition members not involved in revolutionary conspiracies, if they do nothing "against interests of people" and if they give FF Government due respect, there is no reason why opposition cannot work in harmony beside FF for peoples' welfare. Invitation is plainly last chance opportunity to surrender identity and function to

Communist dictation. Profound mood of defeatism envelops opposition and few timid may be inclined to accept.

Major element of opposition's defeatism is loss of faith in ability United States render effective aid and support. Apparent lack strong United States reaction to suppression free press and apparent impotence United States in preventing Communists from disregarding Yalta and treaty obligations in their flagrantly terroristic emasculation democratic opposition have brought to new low faith in United States as real potential in countering Communist expansion southeast Europe. This defeatist attitude results partly from ignorance since actual United States reactions and attitudes are deliberately kept from public or given out in partial and intentionally distorted form.

Communists have lost no opportunity highlight their apparent immunity from United States reaction. Arrogance pervades public statements and editorials which picture obliteration opposition as victory "people's government" over "foreign Fascists and reactionary imperialists". In further example regrettable incident recently resulted from violent defamation in public drinking house of Prime Minister and his regime by an American colonel and a Bulgarian national employed by American military mission. Bulgarian national arrested under law for defense peoples' authority and in view obvious dereliction of both parties United States unable to sustain forceful complaint or otherwise obtain release. This incident seized by FF press to hammer in idea of United States impotence in protecting even its own employees. Also intensified has been general propaganda drive to discredit United States in every possible way.

In balance to its destructive theme FF offers only repetitious exhortations to accomplish 2-year economic plan, self praise, usual worship of Soviet Union and perhaps most significantly strong emphasis on Balkan solidarity.

But though FF has been all too successful in lowering prestige of United States as here-and-now political force public long term attitude to United States is amply manifest in over 6,000 visa applicants storming Mission in first two days since visa work resumed, despite availability only 50 quota numbers and full realization personal peril involved in being seen at Mission by FF agents.

HORNER

S74.00/8-547 : Telegram

The Acting Representative in Bulgaria (Horner) to the Secretary of State

CONFIDENTIAL

SOFIA, August 5, 1947—noon.

URGENT NIACT

628. Reference Mistel 626, August 4.¹ When Lieutenant Colonel Yatsevitch² and I arrived at court approximately half hour before Petkov trial was due to commence (8 a.m. today), we were refused entry as was acting British Pol representative. We were told that non-Bulgarians not permitted at trial with exception press correspondents for whom special facilities made available.

I called on Foreign Minister Georgiev this morning regarding matter. I told him I had interpreted two consecutive refusals on part Foreign Office to arrange seats for Yatsevitch and myself to be merely instances of discourtesy. However, our definite exclusion from trial could only be regarded as bad faith and in contravention of assurances given me by Prime Minister on June 7,³ that Petkov would be tried in open court and that his trial would be fair one.

I said that in considering its attitude towards this trial, US Government would have to weigh fair words of Prime Minister against actions actually taken by Bulgarian Government. I referred to brochure in English distributed by Bulgarian Ministry of Information in June which amounted to condemning Petkov in advance of his day in court. I also mentioned recent negotiations between Fatherland Front and Opposition Agrarians in course of which FF (which is the government) gave as one of its conditions for permitting Agrarians to exist that latter publicly condemn their own leader as traitor in advance of his trial. Tone of Bulgarian press in recent days also seemed to leave no doubt that Government planned to find Petkov guilty. This press campaign was all more unfair since press is completely govt-controlled, two opposition newspapers having been suppressed since April 29. Finally, I spoke of resolutions voted by factory and government workers demanding death penalty for Petkov and told Foreign Minister it was perfectly obvious to anyone with ears that these resolutions were completely phony and resulted from governmental pressure.

¹ Not printed. In it, Acting Representative Horner reported that he and British Acting Political Representative Tollinton had requested to be assigned seats at the forthcoming trial of Nikola Petkov. Horner also reported that he was doing everything possible to arrange for clearances of American correspondents to enter Bulgaria in order to cover the trial (S74.00/8-547).

² Lt. Col. Gratian Yatsevich, on the staff of the United States Representation, Allied Control Commission for Bulgaria; subsequently, Assistant Military Attaché in Bulgaria.

³ See telegram 408, June 7, from Sofia, p. 159.

Georgiev was more ill at ease than I have ever seen him. He offered only feeblest of excuses for Government's action and promised to study *démarche* immediately.

Some sort of public statement by Department respecting this new development seems indicated and if it is made, I hope it will be given fullest publicity both in press and on Voice of America.⁴

HORNER

⁴ Telegram 298, August 5, to Sofia, not printed, approved Acting Representative Horner's representations to Foreign Minister Georgiev but commented as follows regarding further action:

"Dept feels release of June 11 set forth US attitude fully and could not usefully be supplemented this time. If foreign correspondents are in fact given facilities attend trial substance Dimitrov assurance that trial open would appear fulfilled. Also while your reports indicate maximum penalty may already have been decided, there is at least possibility that such is not the case and that further US representations or statements during trial might increase severity of sentence." (874.00/8-547)

874.00/8-1847: Telegram

The Acting Representative in Bulgaria (Horner) to the Secretary of State

SECRET NIACT

SOFIA, August 18, 1947—3 a. m.

682. There are obviously several lines of approach we can take with respect to the interrelated problems of endeavoring to secure justice for Nikola Petkov¹ and preventing total disintegration of the opposition and establishment of complete totalitarian government in Bulgaria. One approach would be through ACC as suggested in Deptel 312, August 16.² The other would be a personal appeal to Provisional President Kolarov for clemency and making a written protest to Acting PriMin on specific irregularities observed during trial. Of these three approaches, that through medium of ACC seems likely to be least effective.

During frequent conversations over past several weeks British and ourselves had considered and rejected ACC approach on two grounds; first, that it is almost certain to meet with refusal of Soviet Deputy Chairman on basis it would be interference with Bulgarian internal affairs, and secondly, because language of armistice seems to give ACC no jurisdiction in the matter. General Robertson and I have again discussed problem in light of Deptel 312 and have agreed that General Robertson and British will take immediate steps (see my next follow-

¹ On August 16, the Sofia Regional Court found Nikola Petkov guilty, among several other counts, of having inspired certain Bulgarian Army officers to organize a military conspiracy to overthrow the Bulgarian Government. Petkov was sentenced to death.

² Not printed.

ing telegram ³) to call special meeting of ACC with view to instructing Bulgarian Government not to carry out sentence against Petkov until ACC has opportunity to review case. We still believe there is virtually no chance that Soviets will even discuss question but in any event we shall have consolation of not leaving any avenue unexplored and US and UK initiative could be publicized to demonstrate to Bulgarian people that we are not, as Communist propaganda is seeking to allege, washing our hands of Petkov and allowing him to meet his fate without struggle.

Prior to receipt of Deptel 312 British political representative and I had separately requested interviews with Provisional President Kolarov. We plan to make personal appeals to him to commute or annul sentence on grounds of humanity, (pointing out that Soviet Union has abolished capital punishment) and on Bulgaria's interest in not further alienating world publicity [*public*] opinion. At same time we would make plain to Kolarov that we were in no way prejudicing our right to lodge specific objections to manner in which Petkov trial was carried out. Further, before seeing Kolarov, Sterndale-Bennett and I will call upon Soviet Minister to invite him to join with us in making representation. While he will undoubtedly refuse invitation, this should disprove any charge that we have ignored Soviets or that we are taking separate action.

As indicated in Mistel 658, August 13 ⁴ General Robertson and I are strongly of opinion that our most effective course is to send strong note to Acting PriMin summarizing our view of farcical nature of the trial. We believe that note should be sent promptly and be given adequate publicity despite fact that Petkov still has legal right of appeal to Court of Cassation within 14 days of his sentence. (As indicated in Mistel 663, August 14 ⁴ competent legal opinion here holds that Petkov could not be executed prior to expiration of 14 days regardless of whether he decides not to appeal. We are assured by Foreign Office that execution will not take place before that time.)

Note to be sent Acting Prime Minister might begin by referring to Dept's statement of June 11.⁵ It could then record our conviction that Petkov trial amounted to nothing other than further step in program of Bulgarian Government to destroy all legal opposition to it in gross contravention of Yalta Agreement and Peace Treaty and to impose totalitarian regime. Reference might here be made to previous steps in

³ The telegram under reference here is not printed. It contained the text of a letter addressed by Major General Robertson on August 18 to the Acting Deputy Chairman of the Allied Control Commission for Bulgaria; see the editorial note *infra*.

⁴ Not printed.

⁵ See the bracketed note, p. 164.

this direction including suppression of opposition press; expulsion from Sobranje⁶ of 23 deputies; continued arrests of opposition members throughout country, and beginning of campaign to do away with opposition Agrarian Party *in toto* (Mistel 666, August 15⁷). Following these introductory statements, specific reference might be made to following points all of which have been reported by mission.

1. Efforts of National Committee of Fatherland Front to force opposition Agrarian FF denounce Petkov in advance of his trial (Mistel 621, August 2⁷).

2. Series of resolutions passed by factory and government workers demanding death penalty for Petkov (Mistel 624, August 3⁷) which obviously calculated to prejudice Petkov in eyes of public opinion.

3. Steps taken by Bulgarian Government to prevent Petkov from being represented by his chosen attorney (Mistel 626, August 4⁷).

4. Refusal of court to allow Petkov to call certain important witnesses (Mistel 631, August 6⁷) on specious ground that they could add nothing important to testimony.

5. Continued bitter campaign of vilification against Petkov in official Bulgarian press (*inter alia* Mistel 633, August 6⁷) which not only designed to influence opinion against Petkov but decidedly unfair in view fact that opposition press remained suppressed. In this connection reference might well be made to fact that some of most bitter articles were written by Director of Bulgarian Press and that campaign was joined by official organ of Soviet Army (Mistel 637, August 7⁷) thus representing direct intervention in internal Bulgarian affairs.

6. Testimony continuously introduced during trial attempting to link Petkov with unnamed foreign countries which were stated to have planned to bring troops to Bulgaria. In this connection mention made in testimony of unnamed US representative on SC Balkan Inquiry Commission with implication that he had encouraged Petkov to carry out *coup d'état* (Mistel 640, August 8⁷), and former US representative on ACC was referred to by name as having offered Petkov sanctuary (Mistel 637, August 7). These references to foreign nations, which were in no instance substantiated by evidence, had obvious intention of showing that Petkov was not free agent.

7. Simple fact that Petkov tried in company with four minor members of alleged conspiratorial organizations who in their testimony and that of their attorneys joined prosecution in attacks on Petkov, clearly intended to compromise Petkov's defense. It was notable that neither General Ivan Popov nor General Kyril Stanchev appeared in court lending substantiation to persistent reports that both subjected to extreme cruelty (Mistel 641, August 9⁷).

⁶ The Bulgarian National Assembly or Parliament; separate from the larger Grand National Assembly whose task was to formulate a new constitution.

⁷ Not printed.

8. Parade of witnesses made obviously rehearsed speeches claiming that opposition press had inspired them to work for overthrow of govt. Confessed peasants spoke in literary language completely foreign to peasants and clearly without any understanding of what they said. Occasionally they would forget their lines and lapse into embarrassed silence to resume later with suddenly remembered rehearsed statements (Mistel 641, August 9).

9. Attitude of judges, all of whom are Communists, was decidedly biased. Conduct of presiding Judge Raichev was particularly reprehensible, and his conduct towards defense witnesses was extremely hostile. His tirades (Mistel 641, August 9) were omitted from public accounts of trial.

10. Charges that through his newspaper articles Petkov had prepared ground for *coup d'état* were nowhere substantiated nor can careful reading of these articles convey impression that they were meant to be other than legitimate criticism.

11. Many of charges against Petkov were for offenses alleged to have been committed before enactment of law for defense of peoples' authority, thus giving ex post facto effect to law (Mistel 660, August 14^s).

12. In formulating its case prosecution relied throughout on doctrine of indirect responsibility (Mistel 657, August 13^s) and main props for its case were Petkov's co-defendants, admittedly minor members of two allegedly subversive organizations. No clear evidence at any stage to show that Petkov had encouraged a *coup d'état* and in fact his whole career had demonstrated his abhorrence of any form of totalitarianism and his respect for civil liberties and the principles of democracy.

We have, of course, no illusions that any of three above-mentioned approaches will mitigate Petkov's sentence if, as we assume to be case, Communists are determined to execute him as prelude to general purge of opposition. On other hand we cannot afford to let pass any possibility, however slim, of preventing punishment of clearly innocent man and through him of maintaining some vestige of democracy in Bulgaria.

During discussions just ended between Robertson, Sterndale-Bennett, and myself, we considered question of what our respective govts might do in event Petkov is executed. Our inescapable conclusion was that only effective step would be promptly to expel from UK and US, Bulgarian political representatives and their entire staffs. This is being put forward as serious and considered suggestion, and Sterndale-Bennett is making same recommendation to London. It may seem somewhat drastic, but we can honestly think of no other measure which might concretely demonstrate to Bulgarians just how strongly we feel on subject.

HORNER

^s Not printed.

Editorial Note

On August 18, 1947, Major General William M. Robertson, United States Representative on the Allied Control Commission for Bulgaria, addressed a letter to Lieutenant General Alexander Cherepanov, Soviet Acting Deputy Chairman of the Commission, requesting Cherepanov to instruct the Bulgarian Government to suspend the sentence of Nikola Petkov until the Allied Control Commission had had a full opportunity to review the case. On August 22, Lieutenant General Cherepanov replied by letter to Major General Robertson. Cherepanov stated that it was not possible for the Allied Control Commission to interfere in the Petkov matter inasmuch as it was purely a Bulgarian internal matter. In a letter of his own of August 22, Major General Robertson emphatically protested against Cherepanov's arbitrary refusal to review the Petkov matter in the Commission. For the texts of this exchange of letters, see Department of State *Bulletin*, August 31, 1947, pages 429-430.

874.00/8-2247 : Telegram

*The Acting Secretary of State to the Acting Representative
in Bulgaria (Horner)*

SECRET

WASHINGTON, August 22, 1947—11 p. m.

URGENT NIACT

324. Dept cannot accept viewpoint Soviet ACC Chairman (Sofia's tel 712 Aug 22¹) that Petkov case internal Bulgarian affair and desires pursue matter at governmental level on basis Yalta Agreement. Accordingly, immediately following tel authorizes Emb Moscow communicate urgently FonOff requesting three power consultation.² Urgency action (press reports possibility expiration period for appeal and consequently likelihood execution Aug 23) precludes advance consultation Brit but we hope Brit will support this course. London should inform FonOff at once to this end.

Meanwhile, in Sofia, (1) Gen Robertson should address additional communication ACC chairman substantially as follows:³

"With reference to my letter of Aug 22 in reply to your communication no. 2608 of same date regarding matter of Mr. Nikola Petkov, I

¹ Not printed; it transmitted the text of Major General Robertson's letter of August 22 to Lieutenant General Cherepanov referred to in the editorial note, *supra* (874.00/8-2247).

² The telegram under reference here is not printed; regarding the note delivered to the Soviet Foreign Ministry on August 23, see the editorial note, *infra*.

³ Telegram 727, August 24, from Sofia, not printed, reported that Major General Robertson had addressed a letter to Lieutenant General Cherepanov on August 24 following the exact text given here (874.00/8-2447).

have now recd instructions to inform you that my Govt fully supports views I expressed therein.

US Govt cannot accept your view that a matter so vitally affecting establishment of representative Govt in Bulgaria, which USSR, UK and US agreed in Yalta Declaration on Liberated Europe to be of mutual concern to the three powers, is a purely internal Bulg affair. In accordance with Yalta Agreement US Govt firmly believes that a concert of policies should be reached in this case, and consequently, in view of your rejection of my proposal of ACC consideration, US Emb in Moscow is being instructed to approach Soviet Govt in this sense. US Govt expects that pending agreement among the three powers sentence passed against Mr. Petkov will not be executed and it is so informing Bulg Govt."

2. US Political Rep should address communication to Bulg FonMin along following lines:

"US Govt has taken note of sentence of death passed against Mr. Nikola Petkov leader of the elected opposition in Bulg Parliament and of method of conduct of trial by Bulg court which has led to imposition of that sentence. Issues raised by prosecution of Mr. Petkov appear to US to be of such fundamental importance to political structure and conduct of representative Govt in Bulg as to warrant a review of case by the three Yalta Powers and accordingly US Rep on ACC requested consideration of matter by that body. Brit Rep on ACC made similar request.

Soviet Chairman of ACC has now replied that he does not consider it possible for Commission to interfere in Mr. Petkov's case inasmuch as it is purely an internal Bulg matter. US Govt cannot accept that view and, in the circumstances, US Emb in Moscow is being instructed to approach Soviet Govt to the end that three power consultations be undertaken and an agreed position be reached in accordance with the Yalta Declaration. US Govt expects that, pending such three power agreement, sentence passed on Mr. Petkov will not be executed." ⁴

Sent Sofia 324 London 3651 and Moscow 1635.

LOVETT

⁴ The note to the Bulgarian Foreign Ministry along the lines set forth here was dated August 23.

Editorial Note

On August 23, in pursuance of instructions from the Acting Secretary of State, the Chargé in the Soviet Union, Elbridge Durbrow, delivered a note to the Soviet Foreign Ministry concerning the case of Nikola Petkov. The note stated that the United States Government could not accept the position taken by the Soviet Acting Chairman of the Allied Control Commission for Bulgaria in refusing to consult with the United States and British representatives in Bulgaria in order to reach concerted policies in regard to the case of Nikola Petkov. The

note further requested that immediate consultations take place at a governmental level among the United States, the United Kingdom, and the Soviet Union in order that they might reach concerted policies in regard to the matter in view of the obligations of the three governments under the Yalta Agreement. The British Embassy sent a similar note to the Soviet Foreign Ministry. In a reply delivered to the Embassy on August 25, Acting Soviet Foreign Minister Andrey Yanuaryevich Vyshinsky rejected the appraisal and the proposals contained in the Chargé's note. For the text of Chargé Durbrow's note of August 23 and for the substance of the Soviet reply of August 25, both released to the press on August 26, see Department of State *Bulletin*, September 7, 1947, pages 481-482.

874.00/8-2347 : Telegram

Mr. Robert Rossow, Jr., of the Mission in Bulgaria to the Secretary of State

SECRET

SOFIA, August 23, 1947—3 p. m.

URGENT NIACT

724. From Rossow. I saw Soviet Minister Kirsanov noon today and said I regretted not having been able accompany British political representative (Mistel 717 August 23¹) at interview last night. I said it was not necessary go into great detail since Sterndale-Bennett had covered same ground night before but wanted to state we did not feel Petkov case to be purely internal matter in view Bulgaria's status with respect Yalta and armistice agreements and morally with respect peace treaty. I said we had reason feel trial was in no sense democratic and that American public opinion had been revolted at scandalous conduct and campaign of intimidation simultaneously carried on. I said furthermore that we could not ignore repeated charges foreign interference made during trial. We felt, I said, that only reasonable course for Bulgarian Govt was completely annul proceedings but that meanwhile we felt it necessary and urgent approach Bulgarian Govt on informal basis with view urging them to withhold execution of sentence. I wanted join suit political representative extending Soviet Minister invitation take parallel action immediately vis-à-vis Bulgarian Govt.

¹Not printed: it reported on British Representative Sterndale Bennett's conversation with Soviet Minister Kirsanov on the previous evening. Sterndale Bennett described the more flagrant external evidences of injustice in the Petkov trial and stated that it was the opinion of the British Government that the Bulgarian Government should completely annul the proceedings. Sterndale Bennett said that the British and the United States Governments were making overtures to the Bulgarian Government to stop the carrying out of Petkov's death sentence and urged Kirsanov to take parallel action. (874.00/8-2447)

He said he was interested hear my views and would communicate them to his government.

I asked in view of urgency of matter if he would take immediate informal action without awaiting instructions from his government. He replied he could add nothing to what he had already said.

I asked for information purposes only if he had any ideas as to reason for calling Assembly session tomorrow (Mistel 723 August 23²). He said he had no official information on this but that unofficially he understood it was in connection with ratification of peace treaty.

I concluded referring to my difficulties³ arranging this interview that it would be advisable if three Missions could arrange for informal consultations without too much difficulty. He replied only that he had not been at his Legation yesterday afternoon.

Sent Dept as 724, repeated Moscow as 59 and London as 67.

[Rossow]

² Not printed.

³ In telegram 716, August 22, from Sofia, not printed, Rossow reported that Soviet Minister Kirsanov had refused to receive Sterndale Bennett and Rossow simultaneously (874.00/8-2247).

874.00/8-2447 : Telegram

The Acting Representative in Bulgaria (Horner) to the Secretary of State

SECRET

SOFIA, August 24, 1947—1 a. m.

URGENT NIACT

725. Have just returned from Varna where morning 22nd I had two-hour conversation with Provisional President Kolarov. I began by saying I had come to see him on instructions from my government¹ with view to discussing Bulgarian-American relations in context of Petkov trial. US had watched with close attention successive steps taken by Bulgarian Government obviously according to plan, to vitiate its solemn obligation to respect basic human rights. Successively and in rapid order Bulgarian Government had effectively suppressed two opposition newspapers, arrested Petkov, expelled 23 leading opposition deputies from Sobranje, and finally in course of farcical trial condemned Petkov to death. We had noted preparations obviously being made for final step in this program, namely complete dissolution of opposition Agrarian Party. All of these things were of great concern to US Government, and had profound effect on American public

¹ Horner's instructions on the specific points he was to mention in his conversation with Kolarov were contained in telegram 318, August 20, to Sofia, not printed (874.00/8-1847).

opinion. In statement issued June 11² State Department had clearly indicated its interest in fate Mr. Petkov but apparently Bulgarian Government had chosen its path which because it fell into same pattern as recent events in Hungary and Rumania, could only be interpreted as part Soviet policy eastern Europe.

This planned campaign against opposition might have certain beneficial effects from standpoint of Soviet policy but it was questionable whether it would serve long-term interests of Bulgaria. During Leipzig trial of 1933 Dimitrov had attracted admiration of entire world through his courageous defense of principles human rights. Today American public opinion equally looked upon Mr. Petkov as exponent of freedom in Bulgaria. Sentence of death handed down in this case not only was in complete contradiction to facts but its carrying out would be regarded everywhere as an instance of judicial murder.

Kolarov stated in reply that he himself had been aghast at charges made against Petkov. Even if 20% of these charges were true it would be sufficient for conviction. He, Kolarov, was known as most tolerant member of Communist Party in Bulgaria and he shrank from carrying out extreme measures save by direct necessity. He had issued orders that trial be scrupulously fair and he had every reason to believe it was. With respect to campaign of intimidation carried out in press and elsewhere, that might not be in accordance with Anglo-Saxon principles of justice but it was common feature of all Bulgarian trials. Other deviations from Anglo-Saxon norm during trial also should be regarded as being in accordance Bulgarian practice. He repeated that Petkov had fair trial and must answer for his crimes.

There then followed long discursive conversation during which Kolarov patently attempted discuss everything but Petkov case (some these other subjects will be reported in following telegrams). Being pinned down from time to time he became quite vehement over Petkov's opposition to two-year economic plan and accused him also of having incited peasants to resist current crop levy program. His main point, however, was that we apparently were attempting to link Petkov's fate with future Bulgarian-American relations. He claimed two subjects were quite distinct and separate. Bulgaria, he declaimed, loved and admired US and would do almost anything to gain its friendship. Petkov, however, was another kettle of fish and he indicated that he would be dealt with as planned. Incidentally Kolarov allowed to pass without comment my 3-times repeated statement that obviously next step in government's program was outlawing of opposition Agrarian Party. This I take to mean that Party will be dissolved in very near

² See the bracketed note, p. 164.

future on grounds that it supported convicted saboteur and *coup d'étatist*.

Sent Department 725; repeated London 68, Moscow 60.

HORNER

S74.50/8-2447: Telegram

The Acting Representative in Bulgaria (Horner) to the Secretary of State

SECRET

SOFIA, August 24, 1947—9 p. m.

732. In course of discussion with Provisional President Kolarov August 22, he was vehement over what he termed United States failure to accord economic aid to poor little Bulgaria. He stated that virtually every other European country had received assistance. In Bulgaria heroic workers striving implement two-year economic plan, slaving outside their normal working hours to keep antiquated machinery going. Replying, I mentioned that economic aid had been based largely upon relative need and furthermore our primary obligation was toward countries which through their resistance to German aggression had suffered devastation. Kolarov triumphantly referred to Austria which he said had furnished many thousands of soldiers to German army. I said Austria had been recognized by Big Three powers as victim of German aggression whereas Bulgaria took initiative in declaring war.

I then suggested to Kolarov that if Bulgaria was in such dire economic needs he might have been well advised to accept Anglo-French invitation to participate in Paris talks on European reconstruction.¹ His answer was that for many years Bulgaria had been an agricultural satrapy of Germany. Now Bulgaria had formulated her own economic plan designed to create an effective industry. By going to Paris her plan would have been subject to scrutiny of larger western powers who in their own selfish interests might have forced its modification. I could only answer that it was well known Anglo-French invitation was free from any commitments, that Bulgaria could easily have withdrawn should, as seemed highly unlikely, any unacceptable conditions have been proposed and that by declining invitation Bulgaria had contributed to economic division of Europe.

HORNER

¹ For documentation on the invitation under reference here, see volume III: The political and economic crisis in Europe and the United States response (The Marshall Plan), Chapter II.

Editorial Note

On August 30, on instructions from the Acting Secretary of State, Ambassador Walter Bedell Smith delivered to Soviet Foreign Minister Vyshinsky a note of protest against the sentence of death passed on Nikola Petkov and the Bulgarian National Assembly's action of August 26, abolishing the Agrarian Union, the political party of which Petkov was the leader. The note reviewed the obligations of the United States, the United Kingdom, and the Soviet Union under the Yalta Agreement, rejected the position taken in the Soviet note of August 25 (see the editorial note, p. 173), and once again requested that the three governments consult regarding the Petkov case and related developments. For the text of Ambassador Smith's note, released to the press on September 3, see Department of State *Bulletin*, September 14, 1947, pages 531-533. The British Chargé in the Soviet Union also addressed a note to the Soviet Foreign Minister on August 30 stating that the British Government agreed fully with the argumentation contained in the American note.

874.00/9-647 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

RESTRICTED

Moscow, September 6, 1947—6 p. m.

2798. There follows Embassy translation text Soviet note signed Vyshinsky dated September 5 received today.

"Confirming receipt of your note of August 30¹ with regard to case of Nikola Petkov, I have to state that Soviet Government does not see any grounds for reconsidering its position, as set forth in my letter to you of August 24.² Soviet Government accordingly cannot agree with opinion of Government of US that allegedly Soviet position in this matter violates obligations contracted by Soviet Union at Yalta, and is denial of rights of US, as signatory power of Bulgarian armistice.

"As is known to Government of US, Soviet Government acting in accordance with agreement between Foreign Ministers of USSR, United Kingdom, and US in December 1945³ in pursuance of Yalta

¹ Regarding Ambassador Smith's note under reference here, see the editorial note *supra*.

² The reference here is to the Soviet note received by the Embassy in Moscow on August 25; see the editorial note, p. 173.

³ At their conference in Moscow, December 16-26, 1945, the Secretary of State, the British Foreign Secretary and the Soviet Foreign Minister agreed that the Soviet Government would take upon itself the mission of giving friendly advice to the Bulgarian Government on the matter of including representatives from other democratic parties in the Bulgarian Government. For the terms of the agreement, see Part VI of the communiqué of the Conference, included in telegram 4284, December 27, 1945, from Moscow, *Foreign Relations*, 1945, vol. II, p. 822.

decisions fulfilled commission of three governments and extended in due course friendly advice to Bulgarian Government regarding desirability of including in Bulgarian Government two representatives of other democratic groups, which actually would represent groups of parties which did not take part in government, which would be in effect suitable and would work loyally with government. It is known also to Government of US that Bulgarian Government received this friendly advice and did everything within its power for realization of decision of three ministers. If, despite this, this decision was not realized, responsibility for this must be on representatives of groups indicated in decision of three ministers who stubbornly refused proposal for inclusion in composition of Bulgarian Government, a course in which these representatives found full support from American officials.

"The charges, contained in your note, against Fatherland Front and Bulgarian court, which reviewed matter of Petkov with due observance of publicity and all procedural guarantees, are without any basis, and, by confirming once again unobjective approach of US Government to Bulgaria, are evidence at same time of new attempts at interference in internal Bulgarian affairs under various pretexts.

["]Relying on Yalta declaration on liberated Europe, Government of the US insists on a consultation of three powers with purpose of concerting their policy in connection with events mentioned in your note. The Soviet Government does not see any basis for such a consultation, especially since it does not consider possible discussion on the agenda of a tripartite consultation of any decision legally passed on by Bulgarian Parliament, or decisions adopted by Bulgarian court, inasmuch as all these questions belong unconditionally to competence of Bulgaria itself, and are purely Bulgarian matter. The adoption of proposal of Government of the USA would mean an interference in internal affairs of Bulgaria which not only is not in accordance but actually conflicts with Yalta declaration."

Department pass Sofia 15.

SMITH

874.00/1-2047

*Memorandum by the Director of the Office of European Affairs (Hickerson) to the Secretary of State and the Under Secretary of State*¹

SECRET

[WASHINGTON,] September 8, 1947.

PROBLEM

To determine the nature and the rank of the representation the US should establish in Bulgaria upon the coming into force of the peace treaty and the termination of the armistice regime in that country.

¹The source text is initialled by Under Secretary Robert Lovett.

ACTION TAKEN

With the Secretary's approval, the Department instructed Sofia on January 28, 1947 (Deptel 33 January 28, Attachment A ²) that, provided the situation in Bulgaria had not deteriorated in the meantime, the Department would, following Senate consent to the ratification of the peace treaty and prior to the deposit of such ratifications, inform the Bulgarian Government of US readiness to reestablish diplomatic relations. It was tentatively decided that we would accredit a Minister as US Representative to Bulgaria. On the same date, we informed the British of our intentions in this matter (*Aide-Mémoire* to the British Embassy on January 28, Attachment B ³). It was also anticipated that when the accreditation of a Minister should take place we would issue a public statement indicating that such action does not constitute approval of the activities of the Bulgarian Government.

Action on this decision has not yet been taken owing to the delay which intervened in Soviet ratification of the treaty. It is now contemplated that ratifications will be deposited, and the treaty consequently come into effect, on September 15.

The President has approved the selection of Mr. Donald R. Heath, Foreign Service Officer Class I to be US Minister to Bulgaria when relations are established.

RECOMMENDATIONS

It is recommended that, within a few days of the coming into force of the treaty of peace and, if such action is not too long delayed, after we know the outcome of the appeal of Mr. Petkov and the nature of any steps affecting him that the Bulgarian Parliament may be disposed to take,

1) the US Acting Political Representative in Sofia be instructed to request the agreement of the Bulgarian Government to the appointment of Mr. Heath as US EE and MP. The Representative should also be instructed to point out to the Bulgarian Minister for Foreign Affairs in this connection, as was done in the case of our establishment of relations with Rumania, that our action does not imply that we condone the present activities of the Bulgarian Government,⁴

2) that upon receipt of the Bulgarian Government's consent to such appointment, Mr. Heath be given a recess appointment as Minister, and, in making his appointment public, a suitable press statement be made concerning our reasons for such action, as we also did in the case

² The telegram under reference here is printed on p. 144.

³ The *aide-mémoire* under reference is not printed.

⁴ Instructions along the lines set forth here were sent to Sofia in telegram 379, September 16, not printed (123 Heath Donald R.). The *agrément* of the Bulgarian Government was obtained on September 27.

of Rumania. In that press statement we would make clear that we do not condone the attitude or actions of the Bulgarian Government in denying its people fundamental freedoms or in supporting on its territory guerrilla activities directed against Greece as determined by the UN Balkan Commission; but that in establishing relations we desire to indicate our intention 1) to maintain our interest in the welfare of the Bulgarian people, 2) to continue our efforts to protect American interests in Bulgaria and 3) to keep ourselves informed of developments in that country.⁵

It is further recommended that the British be informed in regard to this proposed course without delay.⁶

DISCUSSION

The situation in Bulgaria has been steadily deteriorating since January, with increasing oppression of democratic opposition elements which has now culminated in the trial of Mr. Petkov, the leader of the Agrarian Union, and in the dissolution of that Party. Bulgaria has also been found by the UN Balkan Commission to have been supporting on its territory guerrilla activities directed against Greece.⁷ Despite these developments, it is the considered view of all concerned that the US should proceed to establish diplomatic relations with Bulgaria following the termination of the armistice period. A contrary policy of non-recognition, which would entail the withdrawal of American representation from that country, would play into Soviet hands and would deny us the means of continuing our efforts 1) to make our weight felt in Bulgaria, 2) to protect American interests there and 3) to obtain information with regard to events in that strategically important area. Such action would also make impossible fulfillment of certain duties in regard to enforcement and implementation which, under the peace treaty, devolve upon the three heads of the diplomatic missions of the USSR, the UK and the US.

⁵ At his press conference on October 1, Acting Secretary of State Lovett announced that the question of diplomatic relations between the United States and Bulgaria had been settled, explaining that President Truman had appointed Donald R. Heath as American Minister to Bulgaria. For the text of the Acting Secretary's statement, which did not include all the specific points set out in this paragraph, see Department of State *Bulletin*, October 12, 1947, p. 746.

⁶ A marginal note in the source text at this point indicates that the British Embassy was informed on September 15 of the proposed course.

⁷ The Commission of Investigation to ascertain the facts relating to the alleged border violations along the frontier between Greece on the one hand and Albania, Bulgaria and Yugoslavia on the other, established by the United Nations Security Council in December 1946, made public its report on June 25, 1947. The majority conclusion of the report was that Yugoslavia and, to a lesser extent, Albania and Bulgaria, had supported the guerrilla warfare in Greece. The report is described in detail in *Yearbook of the United Nations 1946-47* (Lake Success, New York, 1947), pp. 365-373. For additional documentation regarding the role of the United States in this Commission and the concern of the United States over the violations of the Greek frontier, see volume v.

There is question, however, as to the rank which should be given to the US Representative to be accredited. It is argued that the appointment of a Minister fully accredited to the Bulgarian Government involves the implication of a measure of approval of the Bulgarian regime which would not be the case were we to appoint in the first instance a Chargé d'Affaires. The example of the United Nations in respect of Spain where it was agreed to remove Ambassadors as a mark of disapproval of the Franco regime is cited in support of this argument and it is added that the appointment of a Minister to Bulgaria in the face of the complete disregard by the Bulgarian Government of its basic obligations, in the face of its action in Greece, and immediately following our strong protests in the Petkov case, would damage US prestige. However, I am not convinced that the impact of the distinction intended in the appointment of such a Chargé d'Affaires as compared to a Minister will be appreciated by public opinion here and abroad. I feel that the action in establishing relations will itself evoke major comment, rather than the rank of the incumbent chosen as our representative, and it is my view that the traditional authority attaching to the position of Minister as distinct from an individual of lesser rank will increase the effectiveness of the representation sufficiently to warrant the appointment of a full Minister. As regards the clarification of our position in the matter, we have established precedents for accrediting Ministers or Ambassadors to Governments of whose actions we disapprove both in the case of Poland and in the case of Rumania. In Poland we changed Ambassadors at the same time that we issued a strong protest denouncing the Polish elections. In Rumania we nominated a Minister almost simultaneously with the submission of a protest against oppressive activities of the Rumanian Government. In each case we made our position clear in a public statement as is recommended in this instance.

As to timing, the Bulgarian Parliament is scheduled to meet on September 15 and is rumored to be likely to abolish the death penalty in Bulgaria with effect in regard to the Petkov case. Also, Mr. Petkov's appeal will be heard on September 16. Consequently, since there is the possibility that uncertainty as to our action on the establishment of relations might tend to influence the Bulgarian authorities toward commuting his sentence, it seems advisable to postpone informing the Bulgarians of our intentions, at least for a few days thereafter, in the hope that some mitigating action will have been taken.

711.74/9-1947 : Telegram

The Acting Representative in Bulgaria (Horner) to the Secretary of State

CONFIDENTIAL URGENT

SOFIA, September 19, 1947—1 p. m.

822. ReDeptel 379, September 16.¹ After carefully weighing various factors involved, we have decided that on balance, it would be preferable for us forthwith to inform Bulgarian Government of our willingness to enter into diplomatic relations. In reaching this conclusion, we have been influenced by following considerations :

(1) We have already abundantly made clear abhorrence with which US Government and public opinion would view execution of Petkov ;

(2) Presumably Bulgarian Government has taken its decision as to Petkov's fate and it seems doubtful whether our continued withholding of recognition would exert any influence in his favor ;

(3) In view September 22 deadline our further delay might face us with unpleasant situation of having to recognize Bulgarian Government immediately after execution Petkov.

For these reasons I am seeking interview with Acting Foreign Minister Cristo Lilkov for this afternoon or evening and will (1) deliver formal note concerning our willingness establish diplomatic relations, accredit Minister to Sofia and accept Bulgarian Minister to Washington (2) request *agrément* for Heath and (3) orally inform Acting Foreign Minister of our general attitude towards recent actions of Bulgarian Government.

I will confirm by telegram immediately after interview.²

HORNER

¹ Not printed, but see footnote 4, p. 180.

² Telegram 825, September 19, from Sofia, not printed, reported that Horner had seen Acting Foreign Minister Lilkov on the afternoon of September 19 and had taken the action envisaged in the present message (711.74/9-1947).

Editorial Note

On September 23, Nikola Petkov was executed in Sofia. In a statement issued to the press that same day, the Department of State described the efforts of the United States to obtain a review of the Petkov case and denounced the trial and execution as a travesty of justice. For the text of the statement, see Department of State *Bulletin*, October 5, 1947, page 702.

874.00/10-1547: Telegram

*The Acting Secretary of State to the Legation in Bulgaria*¹

SECRET

WASHINGTON, October 17, 1947—5 p. m.

443. While questioning desirability of dignifying with detailed and public refutations the numerous insinuations and allegations which Bulg Govt and press have been making concerning US participation in and support of subversive activities directed against Bulg Govt, Dept believes smear campaign should not continue wholly unchallenged. Accordingly Dept feels that Min Heath² might seek appropriate early occasion in course conversations with Govt officials to refer to campaign of vituperation against US and to state (1) that US Govt has made and will continue to make known to Bulg Govt and to general public its views concerning certain actions of Bulg Govt; (2) that US Govt has not and is not engaged in subversive activities against Bulg Govt and is entirely confident that its Reps have not and are not so engaged; and (3) that, if campaign of vituperation against US and its Reps has any motivation other than obvious propaganda one, US Govt considers that proper course of Bulg Govt would be to communicate to US Govt any facts it may develop supporting or having any connection with the accusations and insinuations to which utterance is current being given.

As to Petkov's alleged letter (Legtel 931 Oct 15³) Leg is authorized state at any time considered suitable US Govt's view that "it is incredible that those responsible for the publication of this alleged letter should be naive enough to think that the world could be deluded by so familiar and transparent a strategem". For your info Dimitrov "interview" and letter have aroused no appreciable public interest here.

LOVETT

¹ This telegram was sent in reply to telegram 931, October 15, from Sofia, not printed, which suggested that the Department might wish to issue a public statement refuting charges made by Prime Minister Dimitrov in an interview printed in the Sofia press on October 11 and in a letter allegedly signed by Nikola Petkov after his conviction for conspiracy. Dimitrov asserted that American and British officials had interfered in Bulgarian internal affairs and made Petkov's execution inevitable. Petkov's alleged letter, which was also published in the Sofia press on October 11, implicated the American and British representatives in Bulgaria in Petkov's political activity.

² Appointed Minister Heath arrived in Sofia on October 25; he assumed charge of the Legation on October 28; and he presented his credentials to the Bulgarian Government on November 9.

³ Not printed; see footnote 1 above.

874.00/10-1047 : Telegram

The Acting Secretary of State to the Legation in Bulgaria

SECRET

WASHINGTON, October 18, 1947—2 p. m.

445. Continuing features law of Aug 25 abolishing Bulg Agrarian National Union obviously violate Art II of treaty of peace (urtel 909, Oct 10¹) and, although Dept realizes that present demoralization Agrarian adherents probably would preclude revival party as political force even in unlikely event we could obtain repeal that law, it seems desirable to place on record US views. We have, of course, already informed Soviets and announced publicly (Deptel 1654 Aug 28 to Moscow rptd to Sofia as 328²) that situation created by dissolution of Agrarian Union is inconsistent with the conduct of representative government in Bulgaria in the establishment of which the three Yalta Powers agreed to assist.

Accordingly, Dept considering, subject your comments and those of Embassies London and Moscow, authorizing you to deliver note to Bulg FonOff along following lines:

"The United States Government has taken note of the act of Parliament passed on August 25, 1947, dissolving the Bulgarian Agrarian National Union and prohibiting the reestablishment of that organization in any form. The United States Government recalls that the Bulgarian Agrarian National Union, otherwise known as the Agrarian Party, was a major political force in Bulgaria, polling over a million votes and electing some 90 deputies at the last election, despite the conditions under which it was held. The United States Government cannot credit irresponsible declarations which have been made by official and unofficial spokesmen in Bulgaria to the effect that the Agrarian Union was an organization of a fascist type which had as its aim the denial to the people of their democratic rights, thus bringing it within the purview of Article IV of the treaty of peace which came into force on September 16. Such charges have been entirely unsupported by credible evidence. On the contrary, it must be as well known to the Bulgarian Government as to others familiar with developments in Bulgaria that the Agrarian Union was a responsible democratic political party having as its object the establishment, through legitimate Parliamentary means, of representative government and the free exercise of fundamental freedoms in Bulgaria.

"The United States Government is convinced that the law of August 25, 1947 which prohibits the reestablishment of the Bulgarian Agrarian Union denies to a large segment of the Bulgarian people the enjoyment of the freedom of political opinion guaranteed in Article II of the Treaty of Peace. The United States Government

¹ Not printed; it suggested the desirability of formally protesting the dissolution of the opposition Agrarian Union (874.00/10-1047).

² The telegram under reference here is not printed. It contained instructions for the note to the Soviet Government delivered by Ambassador Smith on August 30; see the editorial note, p. 178.

consequently feels obliged at this time to place on record its view that that law violates Bulgaria's treaty obligations under that Article."³

Sent Sofia, rptd London and Moscow.

LOVETT

³ Telegram 5610, October 20, from London, not printed, reported that the British Foreign Office would welcome the delivery of an American note along the lines set forth in this telegram. In telegram 3085, October 23, from Moscow, not printed, the Embassy concurred in the desirability of such a note (874.00/10-2047, 10-2347).

In response to suggestions from the Legation in Sofia, approved by the Department in telegram 495, November 12, to Sofia, not printed, the final paragraph of this note was revised to read as follows:

"The US Govt is persuaded that Bulgarian Govt will wish to fulfill the stipulations of treaty of peace to which it has set its signature and that it perceives the advantage to Bulgaria as well as its solemn obligation to create the situation of political and human freedoms envisaged in Article Two of treaty. The US Govt therefore confidently expects Bulgarian Govt to take early steps to repeal law of August 25, 1947 which violates Bulgaria's treaty obligations under the article". (874.00/11-1247)

874.00/11-1647: Telegram

The Minister in Bulgaria (Heath) to the Secretary of State

SECRET

SOFA, November 16, 1947—3 p. m.

1057. I presented note protesting law dissolving Agrarian Party yesterday (reDeptel 495, November 12¹) with the remark that I felt sure Foreign Minister understood our conviction that the prompt correction violations the peace treaty was in the true interests of Bulgaria. I followed with oral statement (refDeptel 443, October 17) against campaign of vituperation against US in Bulgarian press and said that while such declaration was hardly necessary I wished to say emphatically that US Government has not and is not engaged in subversive activities against Bulgarian Government and was entirely confident that none of its employees were so engaged. If accusations to that effect by Bulgarian press or officials had any foundation beyond that of internal propaganda, proper course was for Bulgarian Government to communicate to me the circumstances.

Kimon Georgiev did not attempt argue against our accusation of treaty violation. He merely remarked that since matter concerned not only the government but the Sobranje, our note would be studied by other officials and ministries. He said that he was grateful for my statement that US Government had not supported and was not supporting subversive activities. He said "it would be helpful" to him.

¹ The telegram under reference here is not printed. For the note delivered by the Minister, see telegram 445, October 18, to Sofia, *supra*.

He then remarked that issue was not as "simple" as apparently indicated by our note. The problem of Bulgarian-American relations was but a part of a general problem. "What we did here" might or might not contribute to solution this general problem. He repeated several times that he wished at an early date discuss with me frankly and at length the issues between our two countries. In such discussion he would like, he said, to analyze and criticize early American representation in Bulgaria which he asserted created unnecessary incidents which were not helpful to eventual solution of the difficulties. It was perhaps he said sadly, permitted to hope that good relations between America and Bulgaria could be restored. I said very emphatically I felt sure they would eventually be restored. He thanked me for this assurance and said "one" must continue to hope and not yield to despair which was so easy to do under the circumstances.

Kimon Georgiev spoke with great care and intentional vagueness, but there is no doubt in my mind he wished to create the impression in my mind that he was on our side. His veiled intimation of approval in support our thesis does not inspire me with any hope, we will be successful in this particular attempt to gain compliance with human rights clauses treaty. Georgiev and his party have now lost the trifling temporary influence at first grudgingly accorded them by the Communists as reward for collaboration. With his long record of political conspiracy and rank opportunism, Georgiev is utterly discredited before the Bulgarian people. He probably feels his days in government are coming to an end. Rumors of his dismissal perhaps to a post abroad are multiplying. There are observers however who while denying him any moral courage concede that he has pertinacity and some personal bravery in extremities citing his causing the release of his party member Damien Velchev from Communist arrest.

Members of little group surrounding Georgiev are less cautious in their indications sympathy with our policy. One adviser inquired when we are going to start putting our protests through machinery of arbitration and eventual submittal to UN as provided in article 36 of treaty. He stated that present situation unprotested violation must not be allowed to continue; and following my talk with Foreign Minister interpreted the latter's veiled remarks as meaning he would do what he could for our thesis but was terribly handicapped at present time.

I of course am extremely cautious in conversation with these few non-Communist officials remaining in the Bulgarian Government. They are obviously pinning their faint hopes on the US, and I am careful not to give them any present encouragement beyond a general statement that I am confident that treaty will eventually be enforced.

HEATH

874.00/11-1947 : Telegram

The Minister in Bulgaria (Heath) to the Secretary of State

CONFIDENTIAL

SOFIA, November 19, 1947—4 a. m.

1068. Militia pressure on present Bulgarian employees of US and British Legations as well as former employees of US and UK ACC delegations, which has existed for many months, seems to have increased somewhat in recent weeks. Particularly servants and other minor employees have been called to militia headquarters where have been instructed report regularly on activities of their employers. They have been told by militia that their associations with Anglo-Americans render them "politically undesirable".

On November 15 chief translator British Legation called to militia headquarters: he has not been heard of since despite inquiries instituted by British. This translator had openly and knowingly risked punitive militia action by attending Petkov trial and making available to both Legations only complete and reliable first-hand report.

On November 12 female Bulgarian clerk this Legation, former teacher American college, was summoned to militia headquarters and informed that her Sofia citizenship had been revoked. No reason given for this action which calls for departure from Sofia within 10 days.

Another recent case involving US was calling to militia headquarters of Bulgarian ex-stenographer of US element ACC. This young woman told that unless she signed false accusations against a fellow Bulgarian employee connecting him with espionage activities she would be sent to work with group of ex-prostitutes in forced labor camp.

It seems quite clear these steps which should be read in conjunction other efforts embarrass British and ourselves form part of "cold war" against western democracies. While not only instance designed cause US difficulties, they strike at vital points since our failure for inability protect our Bulgarian employees obviously will make it well nigh impossible retain translators and others upon whom we are dependent.

In conversation with Foreign Minister November 15¹ I directed his attention to banishment from Sofia of four consular employees. I took line that this must have been mistake on part of militia which I expected to be rectified promptly. I learn that today Foreign Minister has sent letter to militia asking it to revoke order in this case. Whether or not there are any positive results, I intend discuss with acting Prime Minister Kostov in next few days, general problem of militia action against our Bulgarian employees. I will refer to oft-repeated

¹ See telegram 1057, November 16, from Sofia, *supra*.

pledges of several Bulgarian Foreign Ministers that no punitive steps would be taken without our being informed in writing by Foreign Office and (reDeptel 443, October 17) I will reiterate what I told Foreign Minister November 15 namely that US is not and has not engaged in subversive activities in Bulgaria.

HEATH

874.00/12-1947 : Telegram

The Minister in Bulgaria (Heath) to the Secretary of State

CONFIDENTIAL

NIAC

SOPIA, December 19, 1947—2 p. m.

1200. Dimitrov's speeches at Plovdiv and Krimchin (Legtel 1199, December 19¹) in which he attacked "American imperialists" are the most emotional and violent he has made during recent months. In past century such attacks on a state enjoying diplomatic relations would have been regarded as probably prefacing rupture of relations if not something more drastic. I do not believe, however, that Dimitrov has any specific intention in these present attacks. Presumably he is merely following party lines as developed in Molotov's more recent effusions and little aware or caring about any breach of international manners. It might be noted that while Tito and Hodja were emphatic in statements made during their visits² against "imperialism", they did not publicly libel the US.

The local (Bulgarian) correspondents of American press agencies and papers have, I understand, cabled these diatribes. I hope they receive some editorial attention in American papers since Bulgarian Government is sensitive to American press criticism.

Aside from any American press comment that may appear I do not believe that we should permit the incident to pass unnoticed. Accordingly, I intend unless urgently instructed to contrary, to make a simple oral or written inquiry whether the Prime Minister was correctly quoted by OF. The answer will probably be delayed and oral. The reply may be made that US Government was not specifically accused and almost certainly effort will be made to justify remarks on the ground that Department had criticized Bulgaria in public statements. Quite possibly Foreign Minister will bring up again Department's accurate description of the Petkov execution as "judicial murder". I shall decline, however, to be drawn into any polemic discussion or correspondence which would be inadvisable at this stage.

¹ Not printed.

² Marshal Josip Broz-Tito, Yugoslav Prime Minister, visited Bulgaria in late November at which time a Yugoslav-Bulgarian Treaty of Alliance was signed. In this connection, see telegram 1031, November 7, from Sofia, p. 848. Albanian Prime Minister Enver Hoxha visited Sofia in mid-December.

I intend to call on new Foreign Minister³ Monday and Prime Minister next week. Calls have been delayed because of changes in Government and recent Hodja visit.⁴

HEATH

³ In the new Bulgarian Cabinet announced on December 11, Communist Party leader Vasil Kolarov was included as Second Deputy Prime Minister and Minister for Foreign Affairs. In telegram 1215, December 23, from Sofia, not printed, Minister Heath reported he had made his initial call on Foreign Minister Kolarov on the previous day but had not discussed major substantive issues (874.00/12-2347).

⁴ Telegram 587, December 19, to Sofia, not printed, instructed Minister Heath as follows:

"Dept concurs your view as to inadvisability entering into polemical discussion or correspondence with Bulg Govt re Dimitrov's tirades and believes your proposed call on PriMin offers most appropriate opportunity for oral expression US views on this and other recent scurrilous attacks on US emanating from Bulg officialdom and press." (874.00/12-1947)

Editorial Note

On December 28, 1947, in connection with the nationalization of all Bulgarian mining and industrial enterprises, Bulgarian authorities seized control of the Petrole Company, a petroleum products distribution company under American management and of substantial American ownership. On December 28, 29, and 31, Minister Heath protested, both orally and in writing, to the Bulgarian Foreign Minister and other officers of the Foreign Ministry regarding the seizure of the Petrole Company and the arrest of its key employees. Documentation on these protests are included in files 874.5034 and 874.6363 in the Department of State's Central Files.

874.00/12-3147 : Telegram

The Minister in Bulgaria (Heath) to the Secretary of State

SECRET

SOFIA, December 31, 1947—10 a. m.

1248. During past six weeks situation has deteriorated rapidly both in direction final and absolute subjection Bulgarian people—who are 90 percent anti-Communist in sentiment—to tyranny absolute police state by terrorism, and also in direction open hostility toward West and particularly US.

In direction Communization and following upon earliest provision opposition press, dissolution Agrarian Union, execution Petkov and continuing arrests, internments, trials and banishments, first step in this final phase was November FF declaration which reduced non-Communist FF parties to nonentity. Next step was passage by So-

branje of new constitution on Soviet model which affords Communists legal cover for absolute control of state. With passage constitution, next step cabinet reshuffle which completed relegation non-Communist ministers to impotence and which placed economic ministries particularly in hands Moscow-trained Communist economists. Especially significant were appointment Petko Kunin and Krustyo Dobrev to Ministries Industry and Commerce respectively which posts previously held by lukewarm adherents. Nationalization of industry and banking is latest and most far reaching step in execution of its program of securing absolute economic and political power. Practically all that is left to make economic control absolute is transformation of entire farming system to collective basis on Soviet model and state seizure of urban realty. Tempo of latter measures will depend partly on speed with which government can digest industry and banking as well as on 1948 crop and Communist assessment of danger peasant resistance to expropriation. However, as of this date Communist controls and successes are so far advanced that failing international power to insure security and enforce peace treaty in full, remainder of task will be little more than mopping up operation.

Both part of project of Communist subjugation and also of undeclared belligerency against West have been increasing arrests, internments and banishment of persons not wholly surrendered to Communist regime, particularly those who have been friendly with Americans and British.

As previously reported, these measures been applied such persons as Petkov's sister, former Agrarian leader Gitchev,¹ Mushanov,² Burov,³ Radka Stoyanov,⁴ former Regent Ganey,⁵ to enumerate but a few.

There might also be mentioned recently intensified efforts Bulgarian Government isolate, immobilize and impede Legation including creation forbidden zone around entire Bulgarian frontier and coastline,⁶ efforts force Legation remove its plane,⁷ efforts reduce Legation's use

¹ Dimitar Gichev, a leader in the Agrarian Union, arrested in October 1947.

² Nikola Mushanov, a former Bulgarian Prime Minister and leader of the Bulgarian Democratic Party, arrested in October 1947.

³ Atanas Burov, a former Bulgarian Foreign Minister and leader in the National Party, arrested in October 1947.

⁴ The reference here may be to Dimitar Stoyanov, organizational secretary of the Agrarian Union, sentenced to five years imprisonment in October 1947.

⁵ Professor Venelin Ganey, Bulgarian Senior Regent, September 1944–September 1946, who was banished to a provincial town in October 1947.

⁶ Regarding the American protest against the establishment of prohibited zones along the entirety of Bulgaria's frontiers, see the memorandum by the Chief of the Division of Southern European Affairs, Barbour, November 10, and telegram 501, November 14, to Sofia, pp. 44 and 46, respectively.

⁷ Telegram 1089, November 22, from Sofia, not printed, reported the receipt of a note from the Bulgarian Foreign Ministry withdrawing permission for the Legation's aircraft (874.7961/11-2247).

automobiles, efforts deprive Legation personnel of housing facilities, and attempted banishment our native clerks from Sofia. Entire attitude of Foreign Office since Cabinet reshuffle, which placed it in Communist control, has become flagrantly more hostile indicated by such instances as Foreign Office's unnecessarily rude acknowledgment Legation notification that US forces had withdrawn from Bulgaria and fact that when on morning December 24 I requested urgent immediate interview with Foreign Minister to protest action against Petroleum Company,⁸ Legation was subjected to crude and rude stalling tactics and appointment not forthcoming until evening December 27. Although new Foreign Minister maintains superficially friendly and moderate attitude, manner of subordinate Foreign Office officials in control now approaching truculence and ostentatious uncooperativeness. Foregoing incidents are rather ominously indicative though trivial in detail. Conclusion mutual aid pacts with Yugoslavia and Albania were openly declared have been directed against "imperialist aggression", and public speeches Prime Minister have been openly threatening and hostile to US specifically as "leader imperialist forces" with degree of violence that could hardly be much greater if they were engaged in declared war against US. In this connection, one of most violent speeches yet was that by Prime Minister Dimitrov December 22 to Congress of People's Youth wherein after violent attack on American imperialism, he called on youth "to render its patronage frontier troops and armored part of people's army", and after bellicose reference to Athens and Ankara under American direction he said "We shall rely chiefly on our own forces which we shall daily increase" (*sic*, presumably in defiance of treaty). Latest specific anti-US developments have been seizure American managed Petrole Company under nationalization law, noisy press threats to expel foreign schools including US girls' school at Lovetch from Bulgarian territory, and dissolution under direct militia pressure of English Speaking League.

International position Bulgaria plainly approaching critical point with formation new Greek Government and probable proximate Bulgarian recognition thereof. Support "Free Greece" has intensified and become open with canvassing for funds and formation committees assistance under Fatherland Front.

Exemplary of bellicose and truculent attitude local officials was large reception December 22 of new Yugoslav Military Attaché on Yugoslav Army Day which dissolved at end, as usual on such occasions, into small groups drinking bellicose toasts. Major General Trunski, Bulgarian partisan who ventured from hills when Russian

⁸ With respect to protests of the United States against the Bulgarian seizure of the American-owned Petrole Company, see the editorial note *supra*.

Army safely within Bulgarian borders and now after several years' training in Russia commanding division near Greek frontier, drank with his staff personal toast to US Naval Attaché but assured latter war with US inevitable—"today we drink with you but tomorrow we will shoot you." Other toasts drunk to General Markos⁹ and to victory Communism. Incident neither uncommon nor important beyond illustrating state of mind of army command and government that war not only inevitable but near and desirable, a belief fanned continually by unrestrained vitriol of anti-US press campaign and official utterances.

I believe it soberly factual to state that except for detail of actual shooting, regime (which is merely local agency of Soviets) considers itself engaged in undeclared war with US. Even this is understatement since shooting provided by Markos guerrillas.

And yet impudent tone of press accompanied by some visible concern to preserve slight façade of peace and color of legality obviously under Kremlin instructions. Undoubtedly also local Communist leaders in spite their intoxication over easy success to date realize 90 per cent of people hate them and their system and are only waiting some indication effective US action on their behalf. There is yet no organized resistance in Bulgaria, but once let some hope eventual real support from abroad appear and present despair will lift and stirrings of organization will begin. If in near future that light does not appear, then great majority will resign themselves to being soldiers and slaves of militant Communists in this jutting base for aggression.

Something short of war can be achieved in this basically vulnerable and strategically important Soviet province, Bulgaria, and must be done within immediate future. If we accept present bluff we are undercutting our own safety.

Following recommendations are made with realization they are very probably more active than British Government is prepared without persuasion to accept at present moment (I gather this from talks with British Minister). [It is?] realized they comport some risk but one not to be weighted against what we here regard as certain dangers if Soviet policy in Bulgaria is unchecked and unopposed. Recommendations also reject possibility that somewhat more moderate element Bulgarian Communists will be able exert any influence over Dimitrov and other relentless militants—certainly not before bold policy on our part begins discredit latter.

⁹ Markos Vafiades, Commander in Chief of the Greek Communist guerrilla army; President and Minister of War of the so-called "Provisional Democratic Government" established by the guerrillas in the Macedonian mountains on December 24, 1947.

First step recommended is highly publicized broadside *démarche* on treaty enforcement. So far our efforts in this direction have been piecemeal and ineffective. I recommend we deliver note listing every known and suspected violation of peace treaty. Principal attack would be on many and basic violations Article 2 but would include as well violations all other articles (see messages following on enforcement military and naval clauses), first it proposed we state in clear and precise terms US interpretation "human rights and fundamental freedoms" guaranteed Article 2. Such definition would give unparalleled opportunity for clear expression US aims and ideals. Following this note proposedly would call for specific remedial measures including repeal objectionable laws and passage new laws guaranteeing "human rights and fundamental freedoms," abolition concentration camps, cessation terroristic militia practices, restoration independence judiciary, new elections, etc. Note should be so phrased as to require Bulgarian Government's acknowledge or reject this interpretation without delay and US should be prepared invoke Article 36 which provides for arbitration unsettled disputes on interpretation of treaty and for eventual reference to UN. Legation now working on draft such note and hopes submit it within next two weeks. Department may wish consider in fact simultaneous delivery such note in Rumania and Hungary as well.

Prime aim such note would be focussing publicity on local situation. Publicity at present is of the essence. It is our most powerful weapon presently available, one without which all other critically weakened. Publicity would have clarifying effect on American, western and Bulgarian public opinion and would enable US take ideological offensive. Maximum publicity should be given note proposed above but also it equally important that arrangements be made for sustained on spot reportage (undercover if necessary) of what Soviet Communism doing here. In this connection I refer recommendations my letter December 12 to Hickerson ¹⁰ for assignment here of press correspondents. Departmental releases not sufficient for this purpose. In connection this publicity, of course, our VOUSA attack vital. Already enjoying great success it should be intensified and pointed since it our only channel for getting information to Bulgarians and is one our most powerful weapons (although it must be borne in mind that local radios may soon be seized or sealed and VOA hindered or cutoff in Bulgaria).

Thirdly, since situation here so closely related Greek situation real clean up in northern Greece as result direct US assistance would have direct and immediate effect calling of Bulgarians (read Soviet) bluff

¹⁰ Not printed.

and should it be deemed possible and wise use US combat troops local reaction would be instantaneous and vitally effective.

Purely as an observation and not as suggestion it may be said that if Bulgarian Government goes ahead with recognition Markos government it will be playing dangerous game which two can play. There are numerous Bulgarian ex-deputies in Istanbul, and should Greece decide give them refuge, and should they decide set up Bulgarian Government in exile, and should sufficient funds (not large in total amount) be found, an effective underground railway would most probably soon be working both ways with hundreds of expelled Bulgarian officers and others pouring out and lifeline of resistance leading in. Mere intimation such event would probably have frightening and curbing effect on Bulgarian Government.

Way is still briefly open to us now to take effective action short of war to stop and reserve Communist advance on this front at least. If we fail act very soon we here do not see how way will again be open short of resort military force.

Sent Department 1248, repeated Moscow 121, London 137, Athens 44, Ankara 35, Budapest 50, Bucharest 72, Belgrade 89, Berlin 18.

Department please pass BalCom.

HEATH

CZECHOSLOVAKIA

INTEREST OF THE UNITED STATES IN THE MAINTENANCE OF DEMOCRATIC GOVERNMENT IN CZECHOSLOVAKIA; CONSIDERATION OF THE POSSIBILITY OF UNITED STATES ECONOMIC ASSISTANCE TO CZECHOSLOVAKIA AND EFFORTS TO RESOLVE PENDING ECONOMIC AND COMMERCIAL QUESTIONS BETWEEN THE TWO GOVERNMENTS¹

811.516 Export-Import Bank/2-2447

The Czechoslovak Ambassador (Slavik) to the Chairman of the Export-Import Bank (Martin)

CONFIDENTIAL
1673/47

WASHINGTON, February 19, 1947.

DEAR MR. MARTIN: Referring to the agreement of July 3, 1946 whereby the Export-Import Bank of Washington, D. C. established a line of credit in favor of the Prague Credit Bank of Czechoslovakia, I would like to draw to your attention that by now the line of credit has been practically consummated. Under these circumstances I take the liberty to ask your advice as to whether it would be appropriate for us to apply formally for the granting of a further line of credit for the purchase of United States cotton on the lines of the previous agreement. Referring to inquiries made informally by the Czechoslovak representatives with the representatives of the Export-Import Bank, I wish to stress the great interest on the part of the Czechoslovak textile industry in continuing the traditional use of United States cotton which interest I feel assured coincides with the endeavors of the American cotton producers to keep open the established channels of trade dating back through many years of successful and mutually satisfactory relations. If, in your opinion, the time is now opportune we would appreciate it if an agreement could be negotiated for the extension of such a credit to the amount of \$20,000,000. The agreement would again be signed by the Prague Credit Bank with the guarantee of the Czechoslovak Government.

Sincerely yours,

DR. JURAJ SLAVIK

¹ For previous documentation on these subjects, see *Foreign Relations*, 1946, vol. vi, pp. 178 ff.

760C.60F11/3-347 : Telegram

The Chargé in Czechoslovakia (Bruins) to the Secretary of State

TOP SECRET

PRIORITY

PRAHA, March 3, 1947—2 p. m.

190. Zenkl, Deputy Prime Minister and head of National Socialist Party, informs Embassy that Govt has just received through Soviet Ambassador in Praha personal message from Stalin asking Czechoslovakia to immediately sign with Poland treaty of alliance similar to those Czechoslovakia has already concluded with Soviet Union and Yugoslavia.¹ It is specified that this treaty should be concluded before signature of projected Czechoslovak-French treaty.² Principal argument advanced by Russians for this step is that Czechoslovakia needs outlet through Polish ports for Czecho foreign trade since outlets through western German ports may be severely restricted by US insistence that transit charges be paid in dollars. Proposed Czecho-Polish treaty would apparently include economic clauses which would provide Czechoslovakia with special advantages in shipping through Polish ports.

Prime Minister Gottwald has this morning called special meeting of Presidium of Cabinet to consider this matter and meeting of full Cabinet is scheduled for this evening. It appears that Gottwald desires to push matter to a conclusion with greatest rapidity.³ Zenkl states he intends to attempt to stall but fears that he will not receive support either from Social Democrats or from Slovak Democrats. The latter he considers will be fearful of opposing the Russians in view of President Benes' recent threat that Slovakia might be absorbed by Soviet Union.⁴

¹ The references here are to the Soviet-Czechoslovak Treaty of Friendship, Mutual Assistance, and Postwar Collaboration of December 12, 1943, and the Yugoslav-Czechoslovak Treaty of Friendship and Mutual Assistance of May 9, 1946.

² Telegram 145, February 15, from Praha, not printed, reported that the Czechoslovak and French Governments had announced the previous day their intention to begin negotiations aimed at strengthening cooperation between the two countries (751.60F/2-1547). It was envisaged that these negotiations would involve the revision of the existing French-Czechoslovak Treaty of Alliance and Friendship of January 25, 1924. For United States policy with respect to the negotiation of a Franco-Czechoslovak agreement, see telegram 1847, May 21, 1947, to Paris, included in documentation on France in volume III.

³ A Czechoslovak Government delegation headed by Prime Minister Klement Gottwald traveled to Warsaw on March 9, and on the following day a treaty of friendship and mutual assistance between the two countries was signed.

⁴ In a speech in mid-February to the Czechoslovak Society (a cultural organization), Czechoslovak President Eduard Beneš discussed the current problems in relations between the Czechs and the Slovaks and condemned those who would propose the establishment of an independent Slovak state. Despatch 1890, February 21, from Praha, not printed, transmitted the following extract from Beneš' speech:

"Slovakia would never emerge from such a crisis as an independent State and would most probably become part of Russia. I would not consider such a solution a happy one, either for the Czechs, the Slovaks or the Russians nor for the

Footnote continued on following page.

It is interesting to note that both Masaryk⁵ and Duchacek moderate Chairman of National Assembly Foreign Affairs Committee are at moment absent from Praha.

Zenkl was hopeful that this Embassy might give him some assurance in regard to favorable treatment for Czecho traffic through western German zones which would assist him in stalling on Polish treaty. Embassy stated that it could give him no such assurance. We hope to receive from Zenkl prompt reports of outcome of abovementioned Presidium and Cabinet meetings as well as fuller details of contents of Stalin's message. Zenkl has proved in past to be reliable source of information.

If Zenkl's report is accurate this constitutes most glaring example of Soviet intervention in Czechoslovak affairs since cession of Ruthenia.⁶ Though economic argument has been stressed to Czechs as reason for concluding a treaty with Poland now extreme haste with which Soviets are apparently proceeding makes it seem probable that their principal motive is to bring about a Czecho-Polish alignment before Moscow Conference and thus to strengthen Poland's hand on question of its western frontier.⁷

Sent Dept 190; repeated Moscow 2, Warsaw 4, Berlin 19.

BRUINS

Footnote continued from previous page.

European situation as a whole. The Czechs can under no circumstances accept an independent Slovakia in the future. The Czechs with 70 million Germans as their neighbors cannot risk to deprive themselves of the neighborhood of Russia and therefore could not agree to an independent Slovakia between themselves and the Russians." (860F.00/2-2147)

⁵ Jan Masaryk, Czechoslovak Foreign Minister.

⁶ On June 29, 1945, the Soviet Union and Czechoslovakia signed a treaty concerning the incorporation of Sub-Carpathian Ruthenia (Transcarpathian Ukraine) into the U.S.S.R. For documentation on the interest of the United States in this cession, see *Foreign Relations*, 1945, vol. iv, pp. 509 ff.

⁷ According to telegram 375, March 6, from Warsaw, not printed, Polish Deputy Foreign Minister Leszczycki told Chargé Gerald Keith that the Polish-Czechoslovak Alliance was the "logical step to strengthen Polish position prior to Moscow Conference". (760C.60F/3-647) For documentation regarding the Moscow Session of the Council of Foreign Ministers, March 10-April 24, 1947, see vol. II, pp. 139 ff.

740.00119 Control (Germany)/3-1047: Telegram

The Acting Secretary of State to the United States Political Adviser for Germany (Murphy), at Berlin

SECRET

WASHINGTON, March 25, 1947—7 p. m.

646. Personal from Acheson. I am concerned by problems raised urtel 598 Mar 10¹ concerning payment in dollars by Czechs for transit

¹ At the beginning of 1947, negotiations were held in Berlin between Czechoslovak officials and American occupation authorities regarding revised economic arrangements between the Czechoslovak Government and the recently combined

charges across Germany. Lack of any satisfactory agreement in protracted negotiations on this subject will give Czechs an opportunity to turn a technical question into a diplomatic and political issue involving overall problem Czech relations with US and Western states. Discussions with US liaison officer to ECITO and MEA representatives in London indicate that unless satisfactory arrangement is worked out Czechs will continue their efforts to broaden field of negotiations by ultimate appeal to international organizations.

I do not consider Czechs are deliberately attempting effect payment transit charges in a manner designed to cause greater expenditure US funds in Germany, but that their tactics are based both on political considerations and their own lack foreign exchange resources. Their acute shortage dollars is reflected not only in negotiations on transit charges, but in all Czech economic questions coming to attention Dept. It is also borne out in negotiations on other unsettled questions between US and Czecho which involve dollar payments.

I concur that settlement of transit question should not be used to provide an indirect subsidy Czech economy but wish to point out that lack of agreement is having serious repercussions in our diplomatic relations and in time will probably become a political issue within Czecho between Moderate and Communist elements. The coincidence of operational difficulties in German ports reported in CC 8258 Mar 5² and discussions on coal procurement and payments in CC 8310 Mar 10² with Czech negotiations for a Polish agreement raises question entire orientation Czech policy as well as our own objective in maintaining contact between Czecho and Western states. Intelligence reports were that sole argument used by Sov representative to Czech For Min in requesting conclusion Czech-Polish treaty was reference to American transit charges in Germany. It is desirable that Czecho continue to trade with West and ship goods across bizonal area rather than concentrating on transportation facilities in Soviet zone and Polish ports. I note in this regard that 60 of 90 trains from Hamburg during Mar will be through Soviet zone. Czech transit trade through bizonal area must be continued unless we wish to acknowledge that Czecho is to be completely dependent on Eastern Europe for its foreign trade facilities.

United States and British zones of occupation. The principal point at issue in these negotiations was the manner of payment for Czechoslovak freight traffic across the American and British zones of occupation. Telegram 598, March 10, from Berlin, not printed, reported that American occupation authorities continued to adhere to their position that Czechoslovakia make such payment in dollars (740.00119 Control (Germany)/3-1047).

² Not printed.

I hope that upon Colonel Palecek's³ return to Berlin (CC 8341 Mar 12⁴) ensuing negotiations will take into account necessities imposed on Czecho by reason its geographic location as well as preferential position it occupied in transportation and port system of Weimar Republic. Maintenance of principles underlying historic ties between Czecho and West is important in furthering our current diplomatic policy. I recognize that adjustments must be made in adapting historic relations between Czecho and Central European transportation system to current budgetary requirements and to principles adopted in quadripartite agreements. I trust, however, that all possible ways will be examined to offset required payments and to enable Czechs, with their depleted dollar resources, to continue and to develop their transit trade with West.⁵

Sent to Berlin as 646; repeated to London as 1325; to Paris as 1097; to Praha as 260; and to Moscow as 658 Moskeo 28 for Murphy.

ACHESON

³ General Palaček, the Chief of the Czechoslovak Military Mission to the Allied Control Authority for Germany, who was replaced at the beginning of April by Gen. František Dastich.

⁴ Not printed.

⁵ Following discussions between Ambassador Steinhardt and General Clay and his advisers in Berlin at the beginning of May, negotiations were begun in Praha with Czechoslovak authorities for the final settlement of past and future transit charges for Czechoslovak freight crossing the United States zone of occupation in Germany. In June agreement was reached under which the Czechoslovak Government was to pay \$5,000,000 for the final settlement of all transit charges for transportation services through the American zone from the end of the war to March 1, 1947. The settlement for subsequent transit charges was worked out in connection with the agreement on trade and commercial relations between the joint United States-United Kingdom zones of occupation and Czechoslovakia which was signed in Praha on July 29, 1947.

860F.00/4-347 : Telegram

The Ambassador in Czechoslovakia (Steinhardt) to the Secretary of State

SECRET

PRAHA, April 3, 1947—9 a. m.

311. The following is résumé of information gleaned since my return¹ from conversations with Masaryk and this morning with President Beneš.

1. There has been no direct intervention by the Soviet Government in Czech affairs other than the Soviet request for the recent Czech-Polish treaty.²

¹ During February and March 1947, Ambassador Steinhardt was in Washington on consultation. He returned to Praha on March 28.

² During the visit of the Czechoslovak Delegation in Warsaw on the occasion of the signing of the Polish-Czechoslovak Alliance of March 10, 1947, Chargé Gerald Keith talked briefly with Foreign Minister Masaryk. Despatch 1294,

2. Indirect influence on Czech policies by the Soviet Government appears to be considerably less marked than heretofore, causing uncertainty on the part of an increasing number of Czech and Slovak Communist officials as to the extent to which they should follow what they believe to be Soviet policies in Czechoslovakia.

3. Both the Czech and Slovak public give evidence for Communism and subservience to Soviet wishes, a development which the Czech and Slovak Communist leaders have disregarded up to the present time but must soon take note of.

4. Gottwald's leadership of the Czech Communist Party is in no immediate danger but he is having increasing difficulty in controlling the "younger extremists" in his party. His health would be better if he drank less.

5. The Social Democratic Party has definitely broken with the Communist Party and consequently has gained considerable strength throughout Bohemia and Moravia. Fierlinger's³ authority while not immediately imperiled has been badly shaken. There has been no change in Fierlinger's complete subservience to Moscow and in Beneš' opinion there will be no change which may ultimately result in his overthrow as leader of the Czech Social Democratic Party. The moderates in the Social Democratic Party are steadily gaining influence and, to a certain extent, increasing their authority.

6. The recent party congress held by the National Socialist Party has materially strengthened the party. The Peoples Party is badly crippled by incompetent and absentee leadership caused by Sramek's⁴ determination to "die a Minister" and Hala's⁵ incompetence and unpopularity within the party.

7. During the past 8 months the Social Democratic Party has gained votes at the expense of the Communist and Peoples Parties.

8. Tiso will probably be condemned to death.⁶ The Slovak National

March 13, from Warsaw, not printed, reported on that conversation in part as follows:

"Mr. Masaryk remarked on the good fortune of the Czechoslovakians that Prague was intact, that they were getting along very well, and that people could say anything they liked. And then, with clear reference to the Soviets, he added that he did not believe in 'talking back' too much. He said, 'This freedom which we have is a very delicate flower.'" (760C.60F/3-1347)

³ Zdeněk Fierlinger, Deputy Prime Minister and Chairman of the Czechoslovak Social Democratic Party.

⁴ Monsignor Jan Sramek, Deputy Prime Minister and leader of the People's Party.

⁵ Monsignor František Hála, Minister of Posts and Telegraph and a leader of the People's Party.

⁶ The trial of Monsignor Joseph Tiso, former President of the so-called "Slovak State", 1939-1944, was held in Bratislava from December 2, 1946, to March 14, 1947. Former Slovak Minister of Interior Alexander Mach, and former Foreign Minister Ferdinand Durbachsky were tried at the same time, the latter *in absentia*. On April 15, 1947, Tiso and Durbachsky were condemned to death for crimes against the Czechoslovak Republic, against democratic liberties, in preparing for war with Poland, and against humanity. Tiso was hanged on April 18.

Council will presumably recommend "grace" to the government. The Communists and Social Democrats in the government will vote as a bloc to deny grace. The President has polled the Cabinet which at present is in favor of carrying out the sentence by a majority of one vote. The Social Democrats in the government are not following the Communists lead in their intention to deny grace but if anything are even more hostile to Tiso than the Communists by reason of his attempt to exterminate the Social Democratic Party. The President favors grace but is bound under the present constitution by the recommendation of the government and is seeking to persuade one or two members of the government to change their intended votes so that he may extend grace. He anticipates short-lived demonstrations and difficulties whatever the ultimate decision may be, recognizing that if an execution is carried out the Slovak Democrats, clergy and western Catholic world will be incensed whereas if grace is extended the Communists and Social Democrats will be displeased. He feels that as there will be unpleasantness in either event, whatever is done should be done quickly and he has so advised all of the party leaders.⁷

9. Beneš has discussed with Masaryk and Gottwald the desirability of reaching a prompt settlement of all American claims and has urged them during the past 2 or 3 days to start negotiations seriously and to push them to a successful conclusion as rapidly as possible.⁸ He feels that a mutually satisfactory settlement of our claims as soon as possible is more important than whether the Czech Government agrees to pay 5 or 10 million dollars more or less and has urged Gottwald to instruct his subordinates not to quibble about technicalities or to try and save a few thousand dollars.

10. Some of the nationalized industries are already operating creditably. Others are in bad shape due to incompetent management, shortage of raw materials and labor and are losing large sums.

11. Difficulties are being encountered in meeting the requirements of the two year plan in the field of Agriculture and it is probable that although production of agricultural products this year will exceed last year's production barring "acts of God", the requirements of the plan will not be met. Duriš⁹ is primarily to blame for this condition.

⁷ Telegram 423, April 24, from Praha, not printed, reported that the execution of Tiso had been marked by great calm in Slovakia and by the absence of any organized demonstrations (860F.00/4-2447).

For a statement of the policy of the United States Government with respect to the trial and execution of Tiso, see the letter of May 7, from the Secretary of State to Congressman Feighan, p. 205.

⁸ According to telegram 262, March 25, from Praha, not printed, negotiations began at Praha on March 24 between the Embassy and the Czechoslovak Government regarding the compensation to American citizens for nationalized and illegally occupied properties (860F.5034/3-2547).

⁹ Jan Duriš, Minister of Agriculture; member of the Czechoslovak Communist Party.

12. Relations with Yugoslavia have deteriorated recently whereas relations with Poland have improved. The deterioration in relations with Yugoslavia has resulted from the conviction of the Yugoslav Government that the Czech and Slovak Communists are "bourgeois". Although little if any progress has been made in arriving at a solution to the Teschen controversy, the recent Czech-Polish treaty has improved the atmosphere and perhaps laid the groundwork for an ultimate satisfactory solution of Teschen.

13. While the efficiency of labor is by no means satisfactory, there has been a marked improvement in production which holds promise of a further improvement if URO implements its promise that there will be no serious labor disturbances and the political parties do not interpose too many obstacles to carrying out their recent agreement to cooperate. This will depend to a large extent on the interpretation placed by each party on the agreement.

The President appeared to be in good health and is leaving tomorrow for 2 weeks vacation. Masaryk on the other hand appeared to be depressed and bluntly referred to his loss of prestige in the United States and England as well as his irritation with the obstacles which confront him in his daily work.

STEINHARDT

860F.51/4-2447 : Telegram

The Acting Secretary of State to the Embassy in Czechoslovakia

SECRET

WASHINGTON, April 24, 1947—8 p. m.

390. For the Ambassador. NAC has under consideration Czecho application with WAA for \$20 mil domestic surplus property credit. Dept considers this appropriate time to review policy with respect to credits to Czecho. Any change in that policy requires Sec's approval. Your views are requested before submitting matter to him.

It is difficult separate WAA domestic surplus property credit from \$50 mil FLC surplus property credit, unused portion of which (\$40 mil) frozen on Sec instructions Sept '46.¹ Dept cannot approve WAA credit in NAC while maintaining freeze FLC credit without giving rise to charge of inconsistency, since FLC credits should have priority over WAA credits, i.e., surplus property overseas should be disposed first. Therefore, if approve WAA credit, Dept inclined unfreeze FLC credit should Czecho reopen question. (Additional surplus property expected available Ger soon.)

¹ Regarding the action of the United States Government in suspending the further sale of surplus property to the Czechoslovak Government in September 1946, see *Foreign Relations*, 1946, vol. vi, pp. 216 ff.

Dept's desire review position re credits motivated by (1) improvement Czecho political situation since Sept '46 as reported by you; (2) helpfulness Czecho participation London and Geneva ITO Conferences² and their attitude there; (3) fact that Eximbank and FLC credits Poland not suspended, as were Czecho credits; (4) continuing impasse question Czecho transit charges through Ger (urtel 332 Apr 8³) despite Dept's efforts to arrive favorable solution; and (5) Czecho's anticipated unfavorable balance of payments. (Dept anticipates gross deficits neighborhood \$150 mil 1947 and \$100 mil 1948, based on Czecho import program under Two Year Plan.)

Dept requests your views, in light (1) foregoing considerations, (2) your opinion as to effect on Czecho political situation, and (3) value extension or reopening surplus credits now in attaining US objectives, including nationalization compensation agreement or concessions in other fields you think desirable.

For your background info, Slavik applied for \$20 mil cotton credit Eximbank Feb 19. Dept advised Eximbank Feb 26 it had no objection this credit. Question \$50 mil Eximbank reconstruction loan, suspended Sec. Sept '46, not reopened by Czecho. Board Directors Eximbank decided Feb 5 this credit would be considered new application if question reopened. In view present policies Eximbank doubtful they would consider long-term reconstruction loan this amount. Also doubtful Czecho will reopen question in view their application Internatl Bank Feb 27 for \$350 mil long-term reconstruction loan, over three-year period.⁴

Repeated to Geneva for Clayton.

ACHESON

²The reference here is to the First and Second Sessions of the Preparatory Committee of the United Nations Conference on Trade and Employment, held in London, October 15–November 26, 1946, and in Geneva, April 10–October 26, 1947, respectively. For documentation on United States participation in these meetings, see *Foreign Relations*, 1946, volume I.

³Not printed; it recommended that renewed efforts be made to reach agreement with Czechoslovak authorities on the payment of transit charges for Czechoslovak freight crossing the United States zone of occupation in Germany (740.00119 Control (Germany)/4-847).

Unnumbered telegram of April 8, from Praha, not printed, added the following observation on this matter:

"Communists are exploiting issue to demonstrate indifference or hostility of West towards Czechoslovakia and necessity of Czechoslovakia to place sole reliance on Soviet Union and other Slav states." (740.00119 Control (Germany)/4-847)

⁴In July 1946 the Czechoslovak Embassy informally requested a credit of \$350 million from the International Bank for Reconstruction and Development. On February 27, 1947, the Czechoslovak Ambassador filed a formal loan application in the same amount with the International Bank, submitting a comprehensive statement on Czechoslovakia's economic conditions in support of the loan request. At the time of this message, no action had yet been taken on the Czechoslovak application by the National Advisory Council on International Monetary and Financial Problems.

860F.00/4-1647

*The Secretary of State to Representative Michael A. Feighan,
of Ohio*¹

WASHINGTON, May 7, 1947.

MY DEAR MR. FEIGHAN: I have, by reference from the White House, your letter of April 16, 1947² concerning correspondence which you have received relating to the sentence imposed upon Monsignor Joseph Tiso, former President of Slovakia.

Although the execution of Dr. Tiso has now taken place, I should like to call to your attention certain facts, the knowledge of which may be of assistance to you in replying to the persons who have written you in his behalf.

In accordance with United States policy regarding nationals of United Nations accused of assisting or collaborating with the enemy, Dr. Tiso and fourteen other Slovak officials were apprehended by United States Military authorities and released to representatives of the Czechoslovak Government upon its request.³ This was done with the concurrence of the Department of State, in whose judgment sufficient grounds existed for judicial investigation of these men to be made by the country of which they were nationals.

In this connection, it may be recalled that the former Slovak State was established following the destruction of Czechoslovakia in March 1939 and was closely associated with Nazi Germany until the restoration of the Czechoslovak Republic in 1945. Whatever pressure may have been brought to bear upon Dr. Tiso by Germany, the fact remains that he was President of the Independent Slovak State and joined the Berlin-Rome-Tokyo alliance on November 24, 1940. In addition, the records of his trial show indisputably that he agreed to the Slovak declaration of war on this country and the United Kingdom on December 12, 1941. It may here be pointed out that, according to reports from our Embassy in Prague, Dr. Tiso's trial was conducted in a fair manner.

Dr. Tiso was tried with the full consent of the Slovak National Council, which represents the people of Slovakia and which, on the basis of the May 26, 1946 elections, does not contain a Communist majority.

¹ Similar letters were addressed to Representatives Ray J. Madden, of Indiana, and Edwin A. Hall, of New York, in response to inquiries they had made regarding Tiso.

² Not printed.

³ Tiso and 14 other high officials in the so-called "Slovak State" held in the custody of United States occupation forces in Germany were turned over to Czechoslovak authorities in November 1945. For documentation regarding the surrender of these officials, see *Foreign Relations*, 1945, vol. iv, p. 525.

In as much as the United States recognizes the sovereignty of Czechoslovakia and due to Dr. Tiso's public record and the fact that this Government has not intervened in the trials of nationals of other United Nations conducted since the close of the war, it was felt that intervention in the affairs of Czechoslovakia in an effort to set aside the verdict of a properly constituted court of that country could not be undertaken.

Sincerely yours,

For the Secretary of State:
DURWARD V. SANDIFER
Acting Legislative Counsel

860F.00/5-847

The Ambassador in Czechoslovakia (Steinhardt) to the Secretary of State

CONFIDENTIAL
No. 2391

PRAHA, May 8, 1947.

SIR: I have the honor to refer to previous reports, particularly this Embassy's airgram No. A-104 of February 21, 1947¹ concerning the declining influence of Foreign Minister Masaryk in Czechoslovak internal affairs and to transmit as an enclosure¹ to this despatch a summary of a speech which Mr. Masaryk recently delivered to the students of the Praha School for Foreign Trade Officials, which well illustrates his efforts to make the best of two worlds.

There can be no doubt that Mr. Masaryk sincerely believes that it is essential that Czechoslovakia remain on good terms with both East and West and that any Czech who becomes an exclusive partisan of either camp is working against the best interests of his country. From this premise Masaryk derives the tactic, which he consistently pursues, of attempting not to antagonize the domestic supporters of either school of thought and of refusing to take a firm stand on any point which is a subject of hot dispute between the two schools. To these sincere intellectual convictions must be added Mr. Masaryk's temperamental predisposition to *laissez aller* and *dolce far niente* and a not unnatural desire to retain a job, which offers both personal prestige and frequent opportunities to visit the fleshpots of the West.

Nevertheless, as the Embassy has previously reported, the actual effect of Masaryk's policy, however reasonable it may appear intellectually, has been to destroy his influence in Czechoslovak domestic politics and to deliver his Ministry into the hands of his Communist Under Secretary Clementis. The fact is, as a more clear-headed leader

¹ Not printed.

such as Dr. Zenkl of the National Socialist Party well understands, that in a country such as Czechoslovakia, where Slav blood, propinquity to the Soviet Union, fear of Germany, and the strong position of the Communist Party already weight the balance heavily in favor of the East, only a firm resistance to the aggressive Soviet influence can preserve for Czechoslovakia even that neutral intermediary position which Masaryk seeks. In spite of the fact that Masaryk, because of his father's name and his own genial personality, is still very popular with the Czech public generally, his effective political influence is negligible because the moderate party leaders know they cannot count on him to stand up and fight on their side.

Rumors that he might be called upon to assume a leading position in the Social Democratic Party or any other non-Communist party, rumors which he himself appears to treat seriously, are therefore quite implausible. It may well be indeed that he retains his own Ministry only because no one wishes to upset the delicate balance of the National Front at this time and because the moderates fear that his fall from office might be misinterpreted by the West as evidence of a further retreat by Czechoslovakia into the Soviet orbit. It is altogether likely that, should the moderates make substantial gains in the national elections projected for next year, Masaryk might be faced with the embarrassing choice of withdrawing from the Government or entering it as an outright Communist.

That this latter possibility is not quite so fantastic as it at first appears is indicated by the manner in which the Soviets now seem to be pushing Masaryk forward as their candidate for strategic office in United Nations affairs. It was clear from Gromyko's² enthusiastic public statement two weeks ago that Masaryk was the Soviet candidate for President of the United Nations Assembly at its present extraordinary session. Presumably only the fact that domestic criticism of his frequent and prolonged absences from Praha forbade his going as far as New York at this time prevented his candidacy from being vigorously pushed. As the Department is aware, he was the Soviet candidate for Chairman of the Economic Commission for Europe at its current session in Geneva which he is attending.³

The fact is that the combination of his high reputation in the West with his pliability to Communist pressure makes him an almost ideal instrument from the Soviet viewpoint. It may be anticipated therefore

² Andrei Andreyevich Gromyko, Soviet Deputy Foreign Minister; Soviet representative at the First Special Session of the General Assembly of the United Nations, New York, April 28-May 15, 1947.

³ The Economic Commission for Europe held its first session from May 2 to May 15, at Geneva.

that he will be increasingly employed to play this role on the international scene unless or until he is either openly disavowed and perhaps forced from office by the Czech moderates or, a less likely alternative, he himself is no longer able to stomach the anomaly of his position.

Respectfully yours,

LAURENCE A. STEINHARDT

860F.51/5-947: Telegram

The Ambassador in Czechoslovakia (Steinhardt) to the Secretary of State

SECRET

PRIORITY

PRAHA, May 9, 1947—5 p. m.

508. I appreciate Department's comprehensive telegram 390, April 24 setting forth Department's views respect to credits or loans to Czechoslovakia and requesting my views before action taken.

I agree the present is appropriate time review our policy of credits to Czechoslovakia. In principle I favor relaxing severity of policy adopted by US in September 1946 which was definitely serving purpose. I doubt, however, the wisdom relaxation on our part at present moment. As Department aware there are settlements pending in following matters: (a) The lend-lease account; (b) acquisition by the US Government of real estate to be charged against surplus war material credit; (c) mutual claims by War Department and Czechoslovak Government for PX supplies, coal deliveries, tort claims and excess Czechoslovak crowns held by War Department; (d) transfer of a small balance of Sudeten Germans; (e) transit charges through American zone in Germany; (f) claims of American citizens for nationalized and seized property.

Settlement matters above has been pending for over a year. Recently Czechoslovak authorities have shown a disposition to terminate protracted negotiations in most of these matters by agreeing to settlements satisfactory to US. In my opinion if we are able to induce War Department to meet Czechoslovaks halfway and not insist on hard bargain which it continues to strive for, it should be possible to dispose of most these matters in near future.

In view foregoing would seem more desirable that we hold out to Czechoslovaks the promise of review of possibility obtaining credits in US as soon as the pending settlements have been consummated and few of our large claims for nationalized properties disposed of rather than that we should first relax which might well cause Czechoslovaks to further delay closing settlements. Unless Department instructs me to contrary I contemplate telling Foreign Office that if it will close

such of pending settlements as can be disposed of in next few weeks, I would be prepared to recommend to Department review of our credit policy. I [am] convinced that this course will accelerate closing at least some of pending settlements thus permit Department review matter of credits in near future.

I may add that should Czechoslovak Government dispose of most pending settlements to our satisfaction, I would favor extension of a 20 million dollar domestic surplus property credit and unfreezing of unused portions FLC surplus property.

As concerns American claims for nationalized and seized property, I do not favor withholding credits till all these claims have been disposed of. It important to bear in mind that we have reached critical stage in these negotiations. The next month or two will probably disclose extent to which Czechoslovak Government seriously disposed to settle all of these claims. It seems desirable not to commit ourselves to relaxing our present position respect to credits until we know a little more of disposition of Czechoslovak Government towards some of our larger claims.

Based on past experience in dealing with Czechoslovaks, I am of opinion that holding out promise of relaxation our position re credits in order to bring about a speedy settlement of pending matters will have far more effect in inducing Czechoslovaks to terminate these lengthy negotiations than would relaxation before the matters are settled. Once we have achieved settlements and when relax our position on credits the political effect in Czechoslovakia will be more to our advantage particularly if the extension of credits is widely publicized following an announcement of the settlements. There little doubt that with Czechoslovak trade shifting more to West (see Embassy's 507, May 9¹) announcement of extension of credits by us following announcement settlements will accelerate this movement while at same time position of moderate [apparent garble] Czechoslovakia will be strengthened by reason of improved relations between Czechoslovakia and US.

STEINHARDT

¹ Not printed.

860F.4016/5-2047

*The United States Political Adviser for Germany (Murphy) to the
Secretary of State*

RESTRICTED
No. 9972

BERLIN, May 20, 1947.

The Political Adviser for Germany has the honor to transmit information on the various conferences and agreements between repre-

sentatives of Czechoslovakia and OMGUS relating to the transfer of populations (Sudetens) from Czechoslovakia to the United States Zone of Germany in accordance with Section XIII of the Potsdam Agreement¹ and with the Control Council Plan of 20 November 1945 (my despatch no. 1368 of November 23, 1945²). Only one formal agreement was signed, the remaining conditions being in the form of signed minutes of three conferences in 1946—January 8–9, April 9–10, and June 18–19.³ For the purposes of this despatch, these minutes have been edited to consolidate in each instance pertinent material under one heading.

It will be noted in the Agreement of November 12, 1946 (Enclosure No. 4⁴) that provision is made for the resumption of expellee movements during April, 1947. On March 27, 1947, Czechoslovakian representatives visited General Keating, Deputy Military Governor, to convey the desire of the Czech Government to resume the transfer of expellees beginning May 1, 1947. General Keating intimated that resumption at the desired time would be unpropitious but that the final decision rested with General Clay,⁵ who was at that time in Moscow. General Keating agreed to consult General Clay by telegram and did so on March 28. General Clay replied on March 31 that Czechoslovakia be advised OMGUS understood transfers were completed and that no resumption of transfers could be undertaken at the moment in any case. This information was transmitted to the Czechoslovak Military Mission by General Keating by a letter dated April 7, 1947,⁶ and resulted in General Dastich's⁷ letter of April 23, 1947 (Enclosure no. 5⁶) and General Keating's reply thereto of May 1, 1947 (Enclosure no. 6⁸). These communications bring up to date the matter of the transfer of Sudetens from Czechoslovakia to the United States Zone of Germany.

¹ See *Foreign Relations*, The Conference of Berlin (The Potsdam Conference), 1945, vol. II, p. 1511.

² For the despatch under reference here, see *Foreign Relations*, 1945, vol. II, p. 1310. For additional previous documentation on the interest of the United States in the transfer of German populations from Poland, Czechoslovakia, Hungary, Rumania, and Austria, see *ibid.*, pp. 1227 ff.

³ The records of the meetings under reference have not been printed.

⁴ For the text of the agreement included as enclosure 4 to this despatch, see *Foreign Relations*, 1946, vol. V, p. 188.

⁵ Lt. Gen. Lucius DuB. Clay, United States Military Governor for Germany.

⁶ Not printed.

⁷ Brig. Gen. František Dastich, Chief of the Czechoslovak Military Mission to the Allied Control Authority for Germany.

⁸ *Infra.*

[Enclosure]

*The United States Deputy Military Governor for Germany (Keating)
to the Chief of the Czechoslovak Military Mission to the Allied
Control Authority for Germany (Dastich)*

[BERLIN,] 1 May 1947.

DEAR GENERAL DASTICH: I refer to your letter of 23 April 1947^o in which you request the transfer of an additional 103,000 *Sudetendeutsche* from Czechoslovakia to the U.S. Zone of Germany.

There were present in the U.S. Zone of Germany on 31 March 1947, 1,660,581 *Sudetendeutsche*, 436,429 other *Volksdeutsche* (60% of whom do not belong in our Zone), 797,973 expellees from areas east of the Oder-Neisse river who cannot return to their homes nor be transferred to those occupied Zones of Germany which were allotted these persons under the Control Council Plan of Transfer of Population. These three groups of persons in our Zone total 2,894,983 and their numbers exceed by 644,983, the 2,250,000 expellees anticipated to be accepted in the U.S. Zone under the Control Council Plan. It is apparent therefore, that the U.S. Zone has already accepted a very liberal overload of those ethnic minorities covered in the Control Council Plan.

Together with these persons, there were also in the U.S. Zone 468,235 German nationals displaced from other occupied Zones and Berlin and 207,351 foreigners living in the German economy outside of DP camps, or a total of 3,570,000 persons (22% of the total population of the U.S. Zone) who must find living space and employment among the native inhabitants.

The world and your Government know the economic and housing situation in totally defeated Germany. The settlement of the past influx makes it impossible to meet the Potsdam Agreement requirements—"humane and orderly conditions of transfers"—in consideration of acceptance of additional ethnic German minorities.

Should, however, the occupying powers of those Zones who normally accept the expellees from east of the Oder-Neisse under the Control Council Plan, receive into their Zones the 800,000 such persons in the U.S. Zone, then consideration could be given to the acceptance of the remaining 103,000 *Sudetendeutsche* in Czechoslovakia that you desire to transfer.

Consequently, I am compelled to reiterate the statement in my letter of 7 April 1947^o to Lt Col J. Kosek, that the acceptance of additional *Sudetendeutsche* from Czechoslovakia into the U.S. Zone of Germany cannot be undertaken until conditions do permit.

Sincerely,

FRANK A. KEATING
Major General U.S. Army

^o Not printed.

860F.00/6-1247 : Telegram

The Ambassador in Czechoslovakia (Steinhardt) to the Secretary of State

SECRET

PRAHA, June 12, 1947—noon.

680. Notwithstanding intimations in American press to contrary (649, June 9¹) I do not anticipate that recent events in Hungary² will constitute a "pattern" for future successful Communist activity in Czechoslovakia. As I have pointed out to Department on several occasions in my opinion too much optimism was engendered early 1946 by unexpectedly large anti-communist vote in Hungary and too much pessimism by somewhat larger Communist vote in Czechoslovakia than had been generally expected in US.

Making due allowances for fundamental differences in temperament of two peoples, their traditions, composition of their respective governments during past year, continued presence Soviet Army in Hungary as against evacuation of Czechoslovakia more than 16 months ago, relatively satisfactory food conditions in Czechoslovakia and progressive economic recovery, there would seem little basis for assuming coup engineered by Communists in Hungary could be successfully duplicated in Czechoslovakia in immediate future.

While there will doubtless be increased Communist pressure within Czechoslovak Government, I am confident that barring unforeseeable developments and in spite of minor concessions that may be made moderates in Czechoslovak Govt will continue maintain their strengthened position. It remains to be seen whether events in Hungary will accelerate or retard loss in its public following which Communist Party in Czechoslovakia has admittedly sustained during past 6 months.

I may add that in my opinion repeated intimations in American press that Czechoslovakia may follow Hungary into Communist camp are certain to work to [the disadvantage of the?] non-Communist cause in Czechoslovakia while serving no useful purpose in furtherance of US policies.

STEINHARDT

¹ Not printed. This telegram commented upon press reports of the arrival at Karlovy Vary of Soviet Deputy Foreign Minister Andrei Yanuaryevich Vyshinsky. Steinhardt observed that Vyshinsky was apparently only undergoing a health cure. The telegram concluded:

"In view of the relatively stable internal situation in Czechoslovakia, I regard it improbable that any such revolutionary events as recently occurred in Hungary are likely to be repeated in Czechoslovakia in the near future." (860F.00/6-947)

² For documentation regarding the concern of the United States over the elimination of democratic forces from the government in Hungary, see pp. 260 ff.

860F.00/6-1947: Telegram

The Ambassador in Czechoslovakia (Steinhardt) to the Secretary of State

SECRET

PRAHA, June 19, 1947—4 p. m.

740. Following résumé of conditions in Czechoslovakia may be of interest to Department:

(1) There is adequate supply of food. General public is receiving well balanced diet including 7 percent beer. While there will be a shortage of wheat flour during next 30 days and until harvest begins, there will be sufficient supply other bread grains to make good deficiency.

(2) Increasing tendency of Social Democrats to make common cause with Moderate parties continues to weaken Communist influence in government. While differences within Communist party have not thus far lessened its political effectiveness, in course of time these differences may oblige less radical Communist leaders to seek a measure of assistance from Moderates. In Parliament as well as within Cabinet Moderates have become more articulate and somewhat more aggressive. At same time Communists while launching periodic attacks have lost initiative they held for about a year and a half and are now on defensive. As long as the National Front continues these developments should operate to restrain Communists without giving rise to concern that they may take matters into their own hands. There is little probability of a dissolution of the National Front in the near future. Quite the contrary, with possible exception of Slovak Democrats, none of other parties desire its dissolution. Thus considerable degree of political equilibrium has been reached after 18 months during which Communists dominated government. While a few Communist leaders are unquestionably prepared to take their orders from Moscow I doubt that others or vast majority of members of the party would approve of or even submit to seizure of government on instructions from Moscow. There is no evidence in Czecho that any such coup is contemplated in near future. In this connection as Slovakia is the most vulnerable part of country to a Communist coup I regard it as most unfortunate that Department has not yet seen fit to open a consulate general in Bratislava.¹

¹ Telegram 778, June 24, from Praha, not printed, reported that Slovak officials had emphasized in the strongest terms the importance which they attached to the early opening of a United States Consulate General in Bratislava. Ambassador Steinhardt commented additionally as follows:

"As Department knows, I have long believed it important that, in view of degree of autonomy exercised by Slovaks, special character of Slovak problems, and strategic location of Bratislava, US should be represented there as are Soviet

Footnote continued on following page.

(3) Improvement in general economic conditions continuing but at somewhat slower rate. This is primarily due to difficulties which nationalized industries are encountering. These difficulties [arise?] out of inadequate manpower and skilled labor resulting from expulsion of Sudeten Germans; inexperienced, incompetent and wasteful management; obsolescent machinery and shortage raw materials resulting in low and irregular production of poor quality at high cost.

On other hand privately owned industry although harassed by Communist officials in government who blatantly favor nationalized industries is making substantial progress. Recent discontinuance of raw material shipments by UNRRA is bringing home even to Communists imperative necessity of obtaining credits from the west and while attacks on American "dollar diplomacy" in Communist press have been resumed with as much violence as ever Communists in Government are to my knowledge more anxious to obtain American credits than are their non-Communist colleagues. This brazen hypocrisy is readily explained.² American credits which would of course be made available by Czech Government only to nationalized industries would permit Communists by the necessary bookkeeping to demonstrate to Parliament and country at time of next election the outstanding "success" achieved by nationalized industries under Communist direction. Failure to receive necessary credits might and probably would oblige Communists to seek very large appropriations to cover deficits of nationalized industries from a Parliament which is already showing itself to be critical of deficits and is struggling with an unbalanced budget in hope of bringing it into balance next year.

Footnote continued from previous page.

Union, Great Britain and France. Such representation has, in my opinion, in view of current developments Eastern Europe in general and Slovakia in particular, now become matter of urgency. Not only would Consulate General Bratislava provide most useful observation post at this juncture, but I am convinced that our failure to respond to repeated requests by principal Slovak officials may come to be interpreted by Slovaks generally as indicating lack of interest by US in their fate. Such an impression, of course, cannot help but have some effect on their political attitudes." (125.225H/6-2447)

Vice Consul Claiborne Pell was assigned to Bratislava on September 18. The American Consulate General in Bratislava was opened to the public on March 1, 1948.

² In telegram 741, June 19, from Praha, not printed, Ambassador Steinhardt commented further on the Communist press campaign against American "dollar diplomacy" and he made the following recommendation:

"To put an end to this double game I recommend Dept seek an occasion to inform one of junior members of Czechoslovak Embassy in Washington that until responsible members of Czechoslovak Govt and Communist press in Czechoslovakia discontinue biting hand that about to feed them it would be difficult for Dept to give active consideration to granting of credits to Czechoslovakia including new cotton credit." (860F.51/6-1947)

The Ambassador's recommendation was considered for some time by officers of the Department of State in late June and early July, but no action was taken.

Under those circumstances and bearing in mind that Czecho is not in present danger of famine or an economic collapse and that political stability of country not in danger at this time, and that there remains a great deal of private industry in country which is backed by Moderates while nationalized industries are backed by Communists, Department may wish to give consideration to advisability of encouraging extension of both private and public American credits for Czechs re disposition of textiles produced from cotton purchased present extension of credits directly to Czech government with exception of certain commodity credits which are at present under discussion.³

STEINHARDT

³ Telegram 597, June 10, to Praha, not printed, had stated that the Department did not perceive objection to the Export-Import Bank giving consideration to small credits to finance American exports to Czechoslovakia; the Department considered that such credits might accelerate the orientation to the West of Czechoslovak trade. In telegram 742, June 19, from Praha, not printed, Ambassador Steinhardt replied that he also favored the extension of small Export-Import Bank credits to finance Czechoslovak imports from the United States (860F.51/5-947, 6-1947).

811.516 Export-Import Bank/6-2047: Telegram

The Ambassador in Czechoslovakia (Steinhardt) to the Secretary of State

SECRET

PRAHA, June 20, 1947—noon.

749. For Department and Exim Bank. In connection with pending negotiations between Exim Bank and Czechoslovak Government for additional 20 million dollars cotton credit, I suggest before additional credit granted Bank may wish to request detailed information from Czechs re disposition of textiles produced from cotton purchased under first credit of 20 million dollars. As thus far no noticeable increase in quantity cotton textiles available in Czechoslovakia notwithstanding importation of 20 million dollars of cotton from US in addition to substantial quantity delivered by UNRRA, Bank is clearly entitled before extending additional credit to detailed statement from Czechs setting forth (a) division of cotton purchased in US as between nationalized and privately owned textile mills, (b) quantities made available in form of finished products to Czechoslovak public, (c) quantities retained by nationalized industry or Czechoslovak Government in form of finished products, (d) quantities exported either as cotton or as cotton textiles to foreign countries specifying countries by name and quantity, (e) terms payment in respect of all sales to foreign countries.

In my opinion it would not be prudent for Exim Bank to increase its cotton credit to Czechoslovakia from 20 million to 40 million dollars unless and until foregoing detailed information received and analyzed by Bank as well as checked with this Embassy for accuracy as to information furnished to extent that Embassy can make such a check from confidential sources available to it in Praha.

STEINHARDT

860F.515/6-2547 : Telegram

The Ambassador in Czechoslovakia (Steinhardt) to the Secretary of State

SECRET

PRAHA, June 25, 1946—6 p. m.

788. Re Dept's 617, June 13,¹ and supplementing my 707, June 16,² I invite earnest attention of State and War Depts to following:

The confused and increasingly complicated financial relations between War Dept and Czechoslovak Govt have continued for period of nearly 2 years. For over 20 months of this period negotiations were carried on between War Dept and Czechoslovak authorities without result other than to irritate relations between the two govts. I am not in a position to appraise extent to which failure to reach satisfactory settlement for 20 months was occasioned by repeated changes in War Dept personnel caused by demobilization and to what extent it may have resulted from resentment of Czechoslovak Govt at being called upon to redeem so-called black market crowns. At time of my visit to Dept last February the deadlock had reached point at which both War and State Depts deemed it imperative that Embassy intervene with object of working out mutually satisfactory settlement between War Dept and Czechoslovak Govt as soon as possible. In line with this decision I undertook necessary discussions with representatives of War and State Depts in Washington and there was subsequently transmitted to me as the desiderata of War Dept figures on basis of which I was requested to effect a settlement on my return to Praha. On returning to Praha I entered into prolonged negotiations with Czechoslovak Govt. These negotiations called for certain additional but reasonable concessions by both War Dept and the Czechoslovak author-

¹ Not printed; it suggested that Ambassador Steinhardt defer further discussions with Czechoslovak authorities regarding the negotiation of the settlement of U.S. Army indebtedness to Czechoslovakia until additional points raised by the War Department could be clarified (860F.515/6-1347).

² Not printed; it reported that the Czechoslovak Cabinet had formally approved on June 13 the most recent U.S. proposal for the settlement of U.S. Army indebtedness. Ambassador Steinhardt considered the presentation of any additional U.S. claims precluded by the formal Czechoslovak acceptance of the already proposed settlement (860F.515/6-1647).

ities and ultimately resulted in acceptance by Czechoslovak Govt of War Dept's "final" proposal. On basis of this acceptance War Dept transmitted necessary documents to Embassy, presumably for purpose closing settlement. It was only with utmost difficulty that Embassy succeeded in having agreement approved by Czechoslovak Cabinet. The day after agreement was approved Colonel Barry of EUCOM telephoned me from Frankfurt to effect that War Dept had inquired of EUCOM as to whether there were any additional "claims" that should be incorporated in agreement and that after a thorough investigation he was reporting to War Dept two such possible claims: (A) Compensation for signal equipment left in Czechoslovakia by 22nd US Army Corps and (B) Rental for use locomotives. As to "A" I informed Colonel Barry that to my personal knowledge Major General Harmon, in command of 22nd Corps, had made gift of this signal equipment to Czechoslovak Govt and that Czechoslovak authorities held documents signed by General Harmon evidencing the gift. As to "B" Colonel Barry stated to me that the locomotives had subsequently been sold to Czechoslovak Govt and that it might be unjust to demand rental in addition to high purchase price. In this connection I subsequently learned that locomotives were sold to Czechoslovak Govt for \$35,000 each although current value for similar locomotives was fixed at \$10,000 each. At close of our telephonic conversation I informed Colonel Barry I considered we were morally committed to closing the settlement on terms agreed upon but in view of his phone call I would not sign any documents pending further instructions from State and War Departments.

It now appears War Dept desires advance a new item for Allied Military marks advanced to Czechoslovak liaison officers in amount of approximately 500,000 marks and of which no mention has ever been made heretofore. If this relatively minor item is only additional claim that War Dept has been able to uncover after an exhaustive search of its records, I urgently recommend that settlement already agreed upon and which represents substantial concessions by Czechoslovak Govt should not be jeopardized by pressing for inclusion this item. I am obliged to point out that as more than offsetting this item Czechoslovak Govt would be entitled to claim interest on the several million dollars admittedly due it from War Dept for over 1 year and payment of which has been withheld pending settlement of the other items in dispute.

While I am prepared, if War and State Depts so desire, to reopen negotiations and insist that one or more of above new items be included in settlement on such terms as War Dept may request me to seek I should feel somewhat embarrassed in so doing. Furthermore, matter

would have to be renegotiated through all of interested ministries of Czechoslovak Govt involving very considerable delay and would then have to be resubmitted to Cabinet. I am not prepared to hazard a guess as to outcome of a resubmission to Cabinet other than that Communist members will take fullest advantage of situation.

As I have said nothing as yet to Czechoslovak authorities concerning possibility of reopening negotiations and as they have been expecting the documents to be signed by me from day to day, I would appreciate immediate instructions.³

STEINHARDT

³ Telegram 973, July 25, from Praha, not printed, reported that the matter of U.S. Army indebtedness to the Czechoslovak Government was formally closed on July 25 with the signing of an agreement and the exchange of letters. At the same time, various financial transactions called for by the terms of the agreement were carried out by both parties. The final terms had been approved by Lt. Gen. Lucius D. Clay, Commanding General, European Command, U.S. Army, whose representatives were present at the closing meeting of American and Czechoslovak officials (860F.515/7-2547). Regarding this agreement, see the editorial note, p. 226.

560.AL/7-547: Telegram

The Secretary of State to the Embassy in France

SECRET URGENT

WASHINGTON, July 9, 1947—8 p. m.

2522. For Clayton¹ from Thorp.² Urtel 624 July 5.³ Latest press report (AP Praha July 7, 1 pm) states Czecho decided accept Paris invitation.⁴

In any event Dept not inclined reconsider Czecho \$50 million Eximbank credit at this time for following reasons:

(1) Dept does not wish to be in position of seeming to have secured Zecho participation by offer of prospects of US aid other than those implicit in participation in Paris conference.

(2) Question of \$50 million Eximbank reconstruction loan, suspended Sept 1946, not reopened by Zech Emb here so far. Board of Directors Eximbank decided Feb 5 this credit would be considered as

¹ Under Secretary of State William L. Clayton was Chairman of the United States Delegation to the Second Session of the Preparatory Committee of the United Nations Conference on Trade and Employment, held in Geneva, April 10–October 30, 1947.

² Willard L. Thorp, Assistant Secretary of State for Economic Affairs.

³ This telegram from Under Secretary Clayton at Geneva to Assistant Secretary Thorp read as follows:

"Is there now any objection by Department consideration Czechoslovak application Exim Bank 50 million loan? If not, this might influence considerably their decision accept Paris invitation." (560.AL/7-547)

⁴ On July 4, the British and French Governments had invited 22 other European countries, including Czechoslovakia, to join them in a conference in Paris beginning on July 12 to consider economic reconstruction in Europe on the basis of the plan advanced by Secretary of State Marshall on June 5. The Czechoslovak Government in fact formally rejected the invitation on July 10. For documentation regarding the Marshall Plan and the decision of the Czechoslovak Government not to participate, see the section on the political and economic crisis in Europe and the United States response (The Marshall Plan), chapter II, in volume III.

new application if question reopened. In view present policies Eximbank doubtful they would consider long-term reconstruction loan this amount.

(3) Amembassy Praha and Dept under any circumstances reluctant reconsider Eximbank credit pending settlement several important issues now being negotiated Praha, including compensation for nationalized Amer properties. Embtel Praha 508, May 9. Urtel 186 Apr. 29.⁵

(4) Dept is convinced that since Czechs are clearly eager to participate Paris talks their participation or absence will depend almost entirely on degree of Moscow pressure.

In view foregoing considerations you may wish to avoid giving Zecho representatives ECE and ITO either favorable or unfavorable indication re \$50 million Eximbank credit.

Repeated to Geneva as 765. Repeated to Praha as 735.

MARSHALL

⁵ Not printed.

740.0011 EW (Peace) /7-1047

Memorandum of Conversation, by the Chief of the Division of Central European Affairs (Riddleberger)

SECRET

[WASHINGTON,] July 10, 1947.

Mr. Slávik called late today at his request. He opened the conversation by recounting to me what he knew of the present situation with respect to the participation of Czechoslovakia in the forthcoming Paris Conference. He said that he had received yesterday, as we had no doubt received, official information that the Czechoslovak Government had decided to participate, which information had given him great personal satisfaction. However, just before coming to the Department, he had had a telephone conversation with Agronsky, radio broadcaster, who had told him of his conversation by telephone with Masaryk in Moscow which was not too encouraging. Just before leaving the Embassy, the Ambassador said he had received a call from U.P. advising him that the Czechoslovak Government had decided not to participate in the Paris Conference.

Mr. Slávik then said that he thought the Praha end of this affair had been "badly mismanaged" and would certainly have far-reaching consequences on Czech relations with the Western countries. I merely observed that the decision not to participate, if it were correct, would certainly be interpreted as Soviet dictation of Czech foreign policy. The Ambassador agreed that this was the case.

Mr. Slávik then turned to the question of the \$50,000,000 reconstruction loan by the Eximbank, the negotiations on which were suspended

in September 1946. He said he had received a cable from Praha conveying the following: A member of the American Delegation to the ITO meeting in Geneva had indicated to Mr. Augenthaler¹ of the Czech Delegation there that if Czechoslovakia accepted the invitation to the Paris Conference the U.S. would be disposed to reopen negotiations on this loan. If this were the case, the Czech Embassy had been instructed to resume negotiations at once on this matter.

I replied that I thought this information was not correct. I told the Ambassador that I did not necessarily see all the instructions to our Delegation in Geneva but that I thought I would certainly be aware of any decision to reopen negotiations on this loan. I told him that as far as I was aware there had been no decision in the sense indicated and that I was certain no such instruction had been sent to our Delegation in Geneva. The Ambassador then observed that it might have been a general conversation rather than any definite offer on our part to resume the negotiations. I told the Ambassador that if there were any substance to this report which he had, I would communicate with him later but I thought that there had obviously been some misunderstanding in Geneva.

Mr. Slávik then took up the question of attacks in the Slovak language press in the U.S. against the present Czechoslovak Government and against President Beneš personally. He had three or four Slovak newspapers with him from which he translated to me several paragraphs vigorously attacking the Czechoslovak Government and Beneš personally. One line he translated accused Beneš of being a "traitor and murderer". The Ambassador recalled that Mr. Steinhardt had recently had occasion to protest to the Czechoslovak Government against vilification of President Truman by certain Czechoslovak newspapers. He was debating whether to send the Department a formal note of protest against these articles. He said he realized that the State Department had, of course, no control over such newspapers but that he hoped something might be done about personal attacks of this nature against Beneš.

I said that, of course, such excerpts as he had translated for me in no sense represented the official policy of this Government and the State Department deplored any such references to President Beneš. I said that on various occasions in the past I had received delegations of Slovak-Americans protesting against this or that action by the Czechoslovak Government and that this Department had invariably made it plain that it had no intention of interfering in internal Czechoslovak questions. I said that I was certain that both the Am-

¹ Zdenek Augenthaler, Chief of the Economic Section of the Czechoslovak Foreign Ministry.

bassador and the Czechoslovak Government were aware of the official attitude in such cases and that he could be assured that attacks in the Slovak press had no official sanction.

The Ambassador then said that rather than send a formal note, he thought he would send me a personal letter listing some of these articles in the hope that we might be able to mitigate their vicious character. I agreed that this would be a good way to handle the matter.

With further reference to the Slovak language press, Mr. Slávik said that movements were under way, which were publicized in the Slovak press, to raise money for a memorial to Tiso. He wanted to know whether there were not some control which this Government could exercise over such fund-raising activities on behalf of a person whom the Czechoslovak Government regarded as a traitor. I replied that I would have to look into this as I was not fully informed respecting the legal position. I said that I seemed to recall that during the war there had been some type of control exercised over fund-raising activities in behalf of foreign causes but that I would have to verify this with the Legal Division and inform the Ambassador later.

J[AMES] W. R[IDDLEBERGER]

S60F.00/7-1547 : Telegram

The Ambassador in Czechoslovakia (Steinhardt) to the Secretary of State

SECRET

PRAHA, July 15, 1947—4 p. m.

904. In assessing significance of prompt yielding of Czechoslovak Government to Soviet pressure last week ¹ and in estimating probable Czechoslovak reaction, particularly leaders of non-Communist parties, to future pressure from same quarter, Department may find useful following recapitulation of numerous and powerful instruments of persuasion over Czechoslovakia now in possession of Soviets. Fact that these instruments have so far been outlined only for limited objectives provides no assurance as Czechoslovak moderates are well aware that similar restraint will be exercised in future.

Recapitulation follows:

1. Presence of Red Army encircling Czechoslovakia except narrow strip facing Bavaria.

¹ For documentation regarding the decision of the Czechoslovak Government, under pressure of the Soviet Government, not to participate in the Conference of European Economic Cooperation held in Paris, see the section on the political and economic crisis in Europe and the United States response (The Marshall Plan), chapter II, in volume III.

2. Position of Communists as largest party in country and fact that their presence in National Front is considered by Benes and moderates essential to stability of regime.

3. Control by Communists of Ministries of Interior, Finance, Agriculture, Labor, Information and Internal Trade and substantial if unavowed control of Ministries of Foreign Affairs and National Defense.

4. Effective control of police through Ministry of Interior.

5. Sufficiently substantial influence in army at least to neutralize any possible action by pro-western elements therein.

6. Sufficiently preponderant influence in trade union organizations to induce disruptive wave of strikes if desired.

7. Control of plurality of organs of local government in Bohemia and Moravia.

8. Substantial control 5 out of 10 daily Praha newspapers with nation-wide circulation.

9. Increasing economic dependence of Czechoslovakia on Soviets and Soviet satellites as result of net-work of bilateral agreements.

10. Control by Soviets of access to 2 of chief outlets for Czechoslovak overseas trade, Polish ports and Trieste, coupled with severity of course heretofore pursued by United States Army in Germany towards Czechoslovak transit traffic.

11. Strong Czechoslovak feeling of dependence on Soviets for future protection against a resurgent Germany.

12. Dependence on Soviets for maintenance of Czechoslovak territorial integrity not only against Germany but also against Hungary, Poland and Soviet Union itself.

It should be emphasized that until last week Soviet Union had only in very rare instances taken explicit advantage of these powerful instruments of pressure and that as Department aware Czechoslovak moderate parties have proved surprisingly successful vis-à-vis their own Communists in maintaining and strengthening democratic liberties under difficult conditions. Continued use of these instruments of pressure by Soviets, however, might well serve to intimidate moderates who, as split between east and west deepens, feel increasingly isolated and helpless. Prompt yielding of Czechoslovaks in connection with Paris conference may or may not satisfy Soviets that they enjoy effective control over Czechoslovak foreign policy. There are no visible signs as yet that they intend to tighten control over Czechoslovakia at this time. Mindful, however, of present psychology of Kremlin and of pattern which has emerged in other east European states this Embassy will watch with utmost care for indications that some or all of above listed instruments of pressure are being exercised either (1) to carry out more thoroughly Communist policies within framework present National Front Government, (2) to force purge of moderate parties along lines unsuccessfully pressed on Slovak Democrats during recent weeks and such as could easily be directed against leaders of other moderate parties through fabricated charges of conspiracy

against state or sabotage of two-year plan, (3) to prepare ground for Communist *coup d'état*. If harmonious relations existed between east and west there would be no reason to fear any but first of these three possible developments but in light of existing conditions no one of them can be wholly excluded as a possibility.

Sent Department as 904; repeated Moscow 61.

STEINHARDT

711.60F/7-2247 : Telegram

The Ambassador in Czechoslovakia (Steinhardt) to the Secretary of State

SECRET

PRAHA, July 22, 1947—6 p. m.

946. Department doubtless re-examining its policy towards Czechoslovakia in light of events of past fortnight. Following comments are submitted with a view to assisting Department in its review.

Situation within Czechoslovakia has not thus far changed as radically as world press has represented. What has happened is that a condition believed by well-informed to have long existed has been removed from realm of doubt of irrefutable evidence and publicly disclosed. As this Embassy's reports have often pointed out, Soviet control of Czech foreign policy since end of war has been substantially complete. Recent events have merely demonstrated fact dramatically. At present important questions, to which answers will probably be provided within next few months, are whether Soviets, because of growing tension between east and west and by reason of Czechoslovakia's gesture of independence in accepting Paris invitation, will feel constrained (1) further to curtail economic and other contacts with west which Czechoslovakia has heretofore been permitted to maintain and (2) materially to strengthen control of Communist Party over Czech internal affairs and within government. I am of opinion that for time being Soviets will be more likely to move in direction suggested under (2) than in that suggested under (1). As long as Czechoslovakia is prevented from establishing relations with west commensurate with rights of a sovereign government, meaning relations which could have a real political significance, it definitely in interest of Soviet Union that Czechoslovakia continue to obtain raw materials from west in quantities adequate to prevent collapse of Communist-sponsored 2-year plan and sufficient to permit Czechoslovakia to meet its extensive economic commitments to Soviet Union and its satellite countries. It also definitely in interest of Soviet Union that there should not be disclosed to Czech public or to public of other satellite countries any fail-

ure on part of Soviet Union to make good its economic commitments to Czechoslovakia, unquestionably granted to soften impact of compulsory withdrawal attendance at Paris Conference. Continued substantial economic relations by Czechoslovakia with the west would constitute insurance against a noticeable deterioration in the economy of Czechoslovakia that might otherwise result from failure of Soviet Union to meet its commitments.

In my opinion our policy toward Czechoslovakia should, therefore, be one which

(a) Avoids making any contribution towards protecting the economy of Czechoslovakia from deterioration, as long as Government of Czechoslovakia continues to permit itself to be used as an instrument of Soviet policy, and continues to stake the maintenance and improvements of the country's economy on Soviet promises to deliver necessary raw materials and

(b) Provides the maximum encouragement to the moderate Czech leaders to resist further Communist domination and to recover lost ground. Such a policy should not be too difficult to formulate if it rests on premise that every effort will be made to evidence friendliness towards Czechoslovakia but that nothing will be done to aid economy of country until Czech Government has felt impact of its reliance on Soviet Union and its satellites for continued maintenance of its complicated industry and high standard of living. It is my considered judgment that, until Czech Government becomes convinced that the economy of Czechoslovakia cannot be reoriented over night from west to east, as they are now seeking to do, without industrial stagnation and a resultant public outcry, wiser counsels will not prevail. My recommendation in the economic field is that while no attempt should be made to discourage normal flow of trade between US and Czechoslovakia on a cash basis US should extend no substantial public or private loans or credits to Czechoslovakia. To extend substantial loans or credits would merely be to assist in overcoming economic bottlenecks and in bolstering the weak spots in Czech economy, which will otherwise undoubtedly develop in near future, this cancelling out probable failure of Soviet Union and its satellites to meet their economic commitments. We should not permit ourselves to be used to conceal fissures in Czech economy as they develop as result of Soviet failure deliver promised material.

In connection with foregoing it important to bear in mind Czechoslovakia is only country among Soviet satellites which is so highly industrialized and so dependent on imports of raw materials from west as to be a quiet example to other Soviet satellites of consequences of relying exclusively on Soviet promises of economic assistance. If Department desires to demonstrate to all of Soviet satellites danger of tying their economies exclusively to Soviet Union and to one another Czechoslovakia probably only country among them where quick results might be expected and where, at same time, sufficient freedom of

expression exists to have condition publicly avowed and brought to attention of world press.

Policy which I have recommended above is not suggested as a sanction against Czechs for action taken by them only under extreme pressure but in conviction that Communist leaders in Czechoslovakia Government will not agree with moderate leaders to renewal of full economic collaboration by Czechoslovakia with west until it has been unmistakably demonstrated that without such collaboration Czech industry will be threatened with collapse. I am convinced that refusal of economic assistance to Czechoslovakia by west would demonstrate within less than 1 year that Czech industry cannot function effectively without extensive imports from west, thus strengthening position of moderate leaders in Czech Government, who have long been advancing this argument and who repeated it to Stalin last week. On other hand extension of substantial public or private loans or credits by US to Czechoslovakia would enable Czech Communist leaders to have their cake and eat it too by carrying forward their foreign policy in the interest of Soviet Union, while at same time making use of American loans and credits to build up Czech economy for benefit of Soviet Union and its other satellites. In order avoid giving offense to and discouraging vast majority of Czech public who are anti-Communist and their leaders in and out of government it would seem undesirable explicitly to refuse loans or credits. Such refusals would be played up by Communist press as indicating unfriendliness on part of US, a lack of understanding of Czech position and an unwillingness to extend loans or credits without imposing political conditions. Rather than explicitly refusing loans or credits, I recommend a disinclination to discuss them and should discussion be forced upon American representatives that they take matter under advisement and postpone action indefinitely.

Along with above, it seems to me desirable that our policy towards Czechoslovakia should not be exclusively negative. As Department aware, there [are] strong elements in country of pro-western orientation. The vast majority of Czech and Slovak people definitely resent Soviet domination. It is obviously in our interest that these elements should continue to oppose infiltration of Communism plus Soviet totalitarianism. It is equally obvious that without some encouragement from US it is questionable how long they will continue to offer real opposition. To meet problem of devisable form of encouragement to Czech moderates, which on one hand will not prove of equal or greater advantage to Communists, and on other hand will not be merely verbal and ineffective, the three following immediate possibilities are suggested:

(a) That we propose to Czechs as soon as possible conclusion of a cultural convention along lines of recently concluded Anglo-Czech

convention told in my despatch 2738, June 27.¹ While such a convention might have little practical significance it would nevertheless, if undertaken promptly and publicly announced, be taken by Czech public and moderate leaders as evidence that US has not abandoned Czechoslovakia to Soviet Union and hence would have an important psychological and perhaps even political effect.

(b) That Department urge upon War Department for political reasons adoption of a conciliatory attitude in forthcoming negotiations (July 24) with Czechs on dollar charges for transit of Czech exports and imports across Anglo-US zones of Germany. A continuation of severe policy in this matter would be looked upon by Czechs of all political parties as a measure of economic blockade by west and would tend to convince many who are friendly to US that Czechoslovakia has no alternative than to rely economically on Soviet Union.

(c) That Department resolve in affirmative its consideration as to whether Hungarian *coup d'état* should or should not be brought before UN Assembly at forthcoming session. I believe that an airing of this matter in Assembly which could hardly be concealed from Czech public would have effect of convincing many Czechs that fate of eastern European countries continues a matter of concern to the US and that American Government has no intention of limiting its concern to mere notes to offending governments. Irrespective of outcome of debates in Assembly a vigorous presentation by US of its position might well have effect of inducing Czech Communist leaders to proceed in Czechoslovakia with greater caution than they might otherwise be disposed to do.

STEINHARDT

¹ Not printed. The United Kingdom-Czechoslovak convention under reference was concluded on June 16.

Editorial Note

On July 25, in Praha, United States and Czechoslovak representatives concluded an agreement for the settlement of certain war accounts and claims incident to the operations of the United States Army in Europe. For the text of the signed agreement and accompanying notes, see Department of State Treaties and Other International Acts Series (TIAS) No. 1675. Regarding this agreement, see also telegram 788, June 25, from Praha, page 216.

860F.00/8-1347 : Telegram

The Chargé in Czechoslovakia (Yost) to the Secretary of State

TOP SECRET

PRAGA, August 13, 1947—5 p. m.

1071. Embassy has learned indirectly but from source it believes reliable that Czechoslovak Minister of Information, Kopecky, made

following remarks in course of informal speech July 27 at very secret meeting of young Communist newspapermen. While it is somewhat extraordinary some statements should be made even to small and select gathering, there is little reason to doubt that they represent policy at least of Left-Wing of Czechoslovak Communist Party to which Kopecky belongs. Kopecky's well-known indiscretion, moreover, adds plausibility to this report. Minister's statements in verbatim form that reached Embassy are following:

"The Communist Party and URO (Central Trade Union Organization) are the sole powers in Czechoslovakia. If we and the trade unions wish we could start a revolution at any time. Whatever Gottwald says is backed by the Russian Army. That gives force to your work against reaction. Look what is happening in Hungary and the Balkans. That the process will not stop at our borders is logical. We shall finish reaction in this country one day too. In our country circumstances are much more difficult. Everything must be done more carefully. We must be certain first of all that Slovakia continues her policy against Czechoslovak unity. Notice what is happening in the Slovak Democratic Party and what the trade unions in Slovakia are doing now. When we are successful in getting Slovakia to secede, it will be easy to liquidate Bohemia and Moravia."

Yost

711.60F2/7-1747

*The Acting Secretary of State to the Ambassador in Czechoslovakia
(Steinhardt)*

CONFIDENTIAL
No. 1489

WASHINGTON, August 29, 1947.

SIR: Reference is made to the agreement on commercial policy effected by exchange of notes November 14, 1946 between the Government of Czechoslovakia and the Government of the United States, paragraph 6 of which contemplates the inauguration at the earliest practicable date of negotiations looking toward the conclusion between the two Governments of a treaty of friendship, commerce and navigation.¹ You will recall having suggested, during your visit to Washington in January and February,² that it appeared practicable to proceed toward the consummation of that objective as soon as the necessary preliminary preparations of a technical nature could be completed within the Department. Accordingly, there are transmitted herewith five copies of a draft of articles prepared to serve as a basis

¹For the text of the agreement under reference, see Department of State Treaties and Other International Acts Series (TIAS) No. 1569.

²Ambassador Steinhardt was in Washington for consultation during January and February.

for negotiating a treaty of friendship, commerce and navigation with Czechoslovakia.

The draft transmitted herewith follows a technically improved version of the draft prepared for another country which you reviewed when you were in Washington, except for the military service provision and certain modifications necessary to adapt the draft to the circumstances of Czechoslovakia.³ It thus reflects in general the principles that the Department believes should, ideally, be mutually subscribed to by the United States and all other countries having economic and political systems to which a bilateral undertaking of this kind can be accommodated. It does not, on the other hand, reflect any intent on the part of the Department to secure unfair advantages for the United States or to advance unreasonable proposals for bargaining purposes.

Changes of particular significance in this draft, as compared with the draft which you previously reviewed, are as follows:

[Here follow the texts of the changes under reference.]

The Department considers the conclusion of a treaty of friendship, commerce and navigation with Czechoslovakia to be highly desirable, and would be pleased if discussions for that purpose could be inaugurated in the very near future. You are requested, therefore, unless you perceive objection, to present one or more copies of the enclosed draft to the Minister for Foreign Affairs or other appropriate official of the Czechoslovak Government, and to ascertain whether that Government would be disposed to enter into formal negotiations on the basis of this draft. The official to whom the draft is presented should be informed that, although it represents a maturely considered formulation of proposals, the Department reserves the right to introduce further modifications from time to time as may appear appropriate.

The Department will await word from you before furnishing a copy of the draft to the Czechoslovak Embassy here.⁴

No publicity as to the proposals themselves or as to the presentation of the draft is desired at the present time.

Very truly yours,

For the Acting Secretary of State:
C. TYLER WOOD

³ The draft under reference is not printed. For the text of a treaty which closely resembled the draft under reference here, see the Treaty of Friendship, Commerce and Navigation between the United States and Italy, signed in Rome, February 2, 1948, Department of State Treaties and Other International Acts Series (TIAS) No. 1965.

⁴ Despatch 3100, September 24, from Praha, not printed, reported that on September 22 three copies of the draft articles under reference were made available to the Czechoslovak Foreign Ministry. Zdenek Augenthaler, Chief of the Economic Section, expressed the belief that the time was propitious to begin work toward the conclusion of a treaty of friendship, commerce and navigation (711.60F2/9-2447). On October 20, copies of the draft articles were handed to the Czechoslovak Embassy in Washington.

S60F.00/9-947 : Telegram

The Chargé in Czechoslovakia (Yost) to the Secretary of State

SECRET

PRAHA, September 9, 1947—5 p. m.

1204. Sharp evolution has occurred in Czech Communist Party strategy and hence in Czech political situation during past week. As reported Embtel 1187 and 1189, Sept. 5¹ heat has very suddenly been turned off Slovak Democrats and turned on Czech moderate parties particularly National Socialists. Communist close to party leaders has informed member of Embassy staff that Communists have been obliged by united opposition of other members of National Front to shelve program of liquidating Slovak Democrats and will be satisfied now with purge of few of most objectionable leaders of that party. Embassy inclined to feel, however, that primary reason for shift in strategy may be decision that enemy number one is leadership of National Socialist Party and chief energies must be concentrated on its elimination or neutralization. This does not mean, of course, that Slovak campaign will cease to play appropriate part in overall Communist strategy.

Controversy over "levy on millionaires" reported Embtel 1187 has produced unprecedented inter-party bitterness and may conceivably presage disintegration of National Front. As reported, Communists pilloried publicly ministers who opposed levy and Communist press and leaders have continued denunciations. For instances, chief editor of *Rude Pravo*² writes that "other two Socialist parties" have thrown to winds obligations assumed at time of formation "Socialist bloc" by Communist, National Socialist and Social Democratic parties on June 8, 1945 and that "defeated, discredited and economically emasculated forces of reaction" are influencing to large extent policies of non-Communist parties and sabotaging reconstruction of country. Editor concludes that there are only two alternatives: "loyal cooperation with the Communists for the good of the people and the country or an anti-Communist alliance with reaction". In the same vein Communist Minister of Information Kopecky privately told Social Democratic informant of Embassy "You have only two alternatives now—either you swallow any suggestions we put forward now or you will have elections within the next three weeks". On another tack Communist Party Secretary Slansky at Congress of Moravian Partisans declared that to be "adherents of western reactionary circles" is "high

¹ Neither printed. In telegram 1187, it was reported that the Communists had proposed a heavy capital tax against "millionaires", the proceeds from which would be used for subsidies to farmers. Communist propaganda had been directed against those who opposed the tax who were depicted as protectors of speculators and big businessmen (S60F.00/9-547).

² The newspaper of the Czechoslovak Communist Party.

treason", that such adherents still exist in Czech Army and that they must be purged.

Non-Communist parties, particularly National Socialists and Social Democrats are reacting with extraordinary bitterness. Secretariat of National Socialists has published manifesto headed "against Communo-Fascist demagogy" stating that "reactionary elements" have penetrated into Communist Party and are misusing millionaire levy proposal "to carry out irresponsible and demagogic agitation in factories and national committees". Manifesto demands that Communists accept will of majority and declares "a politically educated nation will never submit to Communo-Fascist trap". Zenkl in public speech took a similar though milder line and declared if Communists want premature elections National Socialists are ready.

Position of Social Democrats particularly interesting since millionaire levy issue has separated them from Communists and strengthened right and center influence in party. Minister of Industry Lausman submitted to party presidium his resignation from Cabinet, citing reason as continuous partisan political disturbances and useless strikes in nationalized industry, though Embassy understands Communist denunciation and his vote on millionaire levy also played part in resignation offer. Resignation not accepted by party presidium but nevertheless widely publicized. Party Secretariat and press are denouncing Communist tactics and terror and appealing to workers not to be led astray.

As Department will of course note, degree of present party strife considerably outstrips previous domestic political agitation in Czecho since liberation. It possible Communists may be merely attempting to intimidate opposition into joining Communist-dominated "Socialist bloc". If so, they would appear to have miscalculated temper of opponents to an extent which hardly seems plausible. It also possible Communists may be setting stage for early elections either to National Committee or conceivably to National Assembly on theory that elections would be more likely to go in their favor this fall than next spring. Finally it possible that Communists may be laying groundwork for drastic action along line suggested concluding paragraph Embtel 904, July 15 in case increasing international tension should persuade Kremlin that Communist control of Czecho must be radically strengthened.

At all events non-Communist parties are so far exhibiting admirable firmness. Outcome of struggle between right and left wings of Social Democratic Party which will presumably be determined at Party

Congress now scheduled for mid-November may well prove decisive as far as lineup in government and Parliament is concerned. Vital question remains, however, whether political developments in Czechoslovakia can and will be held within bounds of normal party and Parliamentary activity.

Yost

860F.00/9-1547 : Telegram

The Chargé in Czechoslovakia (Yost) to the Secretary of State

SECRET

PRAHA, September 15, 1947—11 a. m.

1235. President Beneš interrupted vacation at end of last week and returned Praha to deal with political situation. Following account of his conversations with political leaders is derived chiefly from National Socialist sources. While slanted their way it is believed to be accurate in substance.

Beneš first saw Social Democrats Vilim and Tymes (he refused to see Fierlinger) and is reported to have taken them to task for their action in signing joint communiqué with Communists and thus creating bloc within National Front (ReEmbtel 1227, September 12¹). President then saw Food Minister Majer to whom he was very cordial and whose resignation he refused to accept.²

President next saw PriMin Gottwald to whom he is reported to have spoken in strong terms. Beneš declared Communists were destroying National Front and subverting normal political life of country. He stated that even if Communist millionaire levy proposal should be passed by National Assembly, which he doubted, he would not sign it. He attacked recent Communist action vis-à-vis Social Democrats and said he would not stand for non-Communist parties being eaten up one by one as had occurred in other eastern European countries. He declared that in case of *Putsch* he would not ease Communist way by resigning or leaving country. He added that though he had been ill he had no intention of dying for some time to come. Gottwald is not reported to have had much to say in reply.

¹ Not printed; it reported that Blažej Vilím, Secretary General of the Czechoslovak Social Democratic Party, and František Tymes, both of whom were moderate leaders within their party, had been persuaded to sign a joint communiqué with the Communists which pledged both parties to strive for a renewal of a "Socialist bloc" within the National Front (860F.00/9-1247).

² Telegram 1233, September 12, from Praha, not printed, had reported that Social Democratic leader Vaclav Majer had resigned as Minister of Food, presumably as a result of his party's pledge of close collaboration with the Communist Party (860F.00/9-1247).

President finally saw National Socialist leaders Drtina and Ripka with whom he discussed all phases of situation.³ Beneš has now left Praha for annual visit to Slovakia but it [is] believed he will remain only week or two rather than until October 15, as he had anticipated.

Yost

³ Telegram 1216, September 11, from Praha, not printed, reported on the official announcement of the attempt to assassinate Deputy Prime Minister Zenkl, Foreign Minister Masaryk, and Minister of Justice Prokop Drtina. Parcels had been sent to them through the mail containing TNT and designed to explode on opening. Chargé Yost commented that the attempt appeared to be the "work of some crank" but was bound to be blamed at least indirectly on the Communists who had been denouncing these ministers as enemies of the people (860F.00/9-1147). Like Zenkl and Drtina, Minister of Foreign Trade Hubert Ripka was a leader in the National Socialist Party.

860F.00/9-2947 : Telegram

The Ambassador in Czechoslovakia (Steinhardt) to the Secretary of State

SECRET

PRAHA, September 29, 1947—11 a. m.

1309. Leaders of Slovak Democrats and National Socialist parties estimate that Communist policy in present campaign to obtain greater dominance is still fluid and precise application in coming months will depend on world situation. If east versus west antagonism becomes deeper Communist efforts will become greater. Much will depend on course of negotiations regarding Germany at London Conference of Big Three.¹ I concur in this estimate.

National Socialist leaders believe Communists temporarily taken aback by opposition of rank and file of Social Democrat Party to Communist-Social Democrat pact forming Socialist bloc within National Front.² Slovak Democrat Party currently under heaviest fire is definitely worried.³ Communist campaign to force ouster from party of two Catholic General Secretaries Bugar and Kempny continued on

¹ The reference here is presumably to the Fifth Session of the Council of Foreign Ministers which was held in London, November 25-December 15, 1947. The records of this session, at which the subject of a peace treaty with Germany was taken up, are included in vol. II, pp. 676 ff.

² Telegram 1260, September 18, from Praha, not printed, reported that the Executive Committee of the Social Democratic Party had met on September 16 and had issued a communiqué confirming the agreement with the Communist Party but reasserting the independence of the Social Democratic Party. It was understood that a large majority of the Executive Committee disapproved of the pact but felt it could not be disavowed (860F.00/9-1847).

³ Telegram 1246, September 15, from Praha, not printed, reported that the Slovak Minister of Interior had announced that 80 persons, including some state employees, had been arrested in Slovakia on September 13 on charges of complicity in an anti-State conspiracy (860F.00/9-1547). Subsequent telegrams reported that additional persons had been arrested and that the Communist press had accused the Slovak Democratic Party of involvement in the conspiracy.

twenty-fifth at stormy meeting of National Front.⁴ No action taken against these two as Interior Minister Nosek unable to prove his accusation that Bugar and Kempny were implicated in second alleged plot centering in Bratislava, working for Sidor and Durchansky⁵ abroad. National Front continued same question on twenty-sixth. Democrat leaders believe from Communist document they obtained secretly that Communists plan no violent action for time being. Document recognized campaign to arm masses of Slovak partisans had failed and stated other means to overcome Democrats would be made. Indication of continuing tactics is interview of Dr. Husak, Slovak Communist, published today in *Rude Pravo*. Husak stated "There can be no order in Slovakia until purge is successfully concluded." This probably means ouster of Bugar and Kempny is chief immediate aim of Communists.⁶

Slovak Democrat source stated about 1000 partisans are being armed but they will be dispersed in small groups attached to regular army throughout Slovakia until Benderovci bandits liquidated.⁷ Democrats are less concerned with arming of partisans because of their dispersion also because friction between them and army units already reported and can be expected to continue.

Democrats are reasonably satisfied with conduct General Ferjenčik, Slovak Interior delegate, and recognize he is in difficult position as subordinate to Nosek. They are also satisfied with strong stand of National Socialists in recent weeks.

STEINHARDT

⁴Telegram 1310, September 29, from Praha, not printed, reported that the Slovak Minister of Interior had announced that high public personages were implicated in a second anti-State plot centered in Bratislava and proposed that the parliamentary immunity of Slovak Democratic Party delegates Bugar and Kempny be lifted so that they might be brought to trial (860F.00/9-2947).

⁵Karol Sidor and Ferdinand Durchansky had been Ministers in the so-called Slovak State during World War II. At this time they were in exile.

⁶Telegram 1392, October 17, from Praha, not printed, reported that Bugar and Kempny had voluntarily agreed to relinquish their parliamentary immunity so that they might stand trial and clear their names (860F.00/10-1747).

⁷Telegram 1113, August 21, from Praha, not printed, had observed that the Benderovci, which were partisan groups composed largely of Polish and Ukrainian dissidents, had been active in Slovakia and eastern Moravia. Ambassador Steinhardt commented that the Communists were exaggerating these activities for political purposes, particularly by attempting to link the Benderovci with the Slovak Democrats (860F.00/8-2147).

860F.00/9-3047 : Telegram

The Ambassador in Czechoslovakia (Steinhardt) to the Secretary of State

SECRET

PRAHA, September 30, 1947—10 a. m.

1316. I have learned that prior to raid on Ursiny's office in Praha (Embtel 1310¹), Gottwald endeavored persuade Pietor, one of Slovak Democratic Ministers in Cabinet, to be present but was unsuccessful. Although raid not announced to public as yet it has become known to non-Communist political leaders and has had profoundly depressing effect on them. Several of National Socialist leaders already wavering privately in spite of strong stand their party has taken up to present time in support of Slovak Democrats. There is also evidence that some of Slovak Democratic leaders are beginning to waver in face of methods being employed by police. Undoubtedly, Communists are well informed as to panic their action has caused in non-Communist official circles and will press their advantage to limit. As President's physical incapacity prevents him from taking a continuing part in present political struggle, non-Communist Party leaders are being deprived of what would otherwise be his invaluable guidance and support. It is now quite clear that Communists have decided to make use of secret police to intimidate their political opponents, beginning with Slovak Democrats. Course they have embarked upon confirms assumption that initial acceptance by Czechoslovakia of invitation to Paris Conference came as great shock to Moscow. Unquestionably Gottwald was equally shocked by Stalin's anger and his obvious loss of prestige in Kremlin. Result appears to be that Moscow is now taking a greater interest in Czechoslovakian affair than heretofore and may well have directed its representatives to bring the Czechoslovakian Government into complete subservience to Kremlin as rapidly as possible. I am of opinion that Gottwald and other moderate Communists who had hoped and expected to gain an absolute majority at elections next May by relatively democratic means are now being forced to proceed more rapidly by undemocratic means if necessary to bring Czechoslovakia into line. In a sense they find themselves prisoners of their political faith as well as of their more radical col-

¹ Not printed. In it, Ambassador Steinhardt reported that on the evening of September 26, the secret political police had raided the offices of Deputy Prime Minister Ján Ursiny, a leader of the Slovak Democratic Party, and had claimed to have found sufficient evidence to arrest three of his employees for the recently revealed conspiracies in Slovakia. Later it was announced that a fourth person, Ursiny's *chef de cabinet*, had been arrested. According to telegram 1414, October 23, from Praha, not printed, State Security officials had brought action against Dr. Fedor Hodza, General Secretary of the Slovak Democratic Party, for allegedly concealing evidence in connection with the anti-state activities in Ursiny's office (860F.00/9-2947, 10-2347).

leagues and subordinates some of whom are undoubtedly being guided by direct instructions from Moscow.

In view of foregoing, we must from now on reckon with probability that within a period of months, Czechoslovakian Government will become a subservient tool of Kremlin in internal as well as external affairs and that such degree of independence as Government has been able to exercise up to present time will rapidly diminish. It remains to be seen to what extent non-Communist party leaders will have courage to resist this trend and, assuming they exhibit a high degree of courage, which I am inclined to doubt, the extent to which they will succeed in defeating or delaying Communist program.

STEINHARDT

S60F.00/10-647 : Telegram

The Ambassador in Czechoslovakia (Steinhardt) to the Secretary of State

SECRET

PRAHA, October 6, 1947—2 p. m.

1342. Internal political tension continues relax. During past two or three days I have found several of non-Communist leaders to be less jittery and less disposed to jump to conclusion that Communist drive on Slovak Democrat Party is merely forerunner of a determination to crush all opposition and take over govt. They beginning to ask themselves whether there may not be something to charges Communists are making against Slovak Democrats. Their present uneasiness is occasioned by fear of effect on public that would result should Communists establish truth of some of their charges. It may be expected that leaders of National Socialist Party and to a lesser extent of People's Party will be less articulate in their support of Slovak Democrats until they have seen nature of proof Communists have promised to submit.

I am disposed to view that Communists have some proof and that while it may not be as sweeping or as conclusive as they assert and may not directly involve high leaders of Slovak Democrat Party it nonetheless may be regarded by fair-minded individuals as justifying a purge on a lesser scale than Communists desire. This in turn may lead to a more or less satisfactory compromise within the National Front unless instructions to Communists from Moscow precipitate an open conflict and call for extending purge to other non-Communist parties.

STEINHARDT

860F.00/10-2247 : Airgram

The Ambassador in Czechoslovakia (Steinhardt) to the Secretary of State

SECRET

PRAHA, October 22, 1947.

A-837. One of the most disappointing, and at the same time alarming, aspects of the Czechoslovak political crisis which has continued since the beginning of September has been that the Catholic Populists have figured as a cipher in the National Front, the Parliament, and the Government. This was evident in that (1) Monsignor Sramek very rarely attends Cabinet meetings; (2) when the crisis began with the dispute over the millionaires' tax proposal, Monsignor Hala was in Paris or London; (3) when Monsignor Hala returned he supinely voted in favor of arming the partisans (which even leftist General Svoboda¹ had opposed).

The Embassy learns unimpeachably that the morale within the Party, and Monsignor Hala's policies are even worse than previously supposed. Monsignors Sramek and Hala are fantastically afraid of Gottwald. When in London, Hala categorically refused to go to see Churchill. ("What would Gottwald say?") He could barely be persuaded to call on Bevin.² Upon his return to Praha, Hala evidently listened to suggestions from Gottwald that the Populists "were not a bad Party," but that they had one or two bad people—(1) Bohdan Chudoba, and (2) Pavel Tigrid. The result has been that Hala, who still controls the Party Executive, has practically ordered the above two Party members, and also Minister of Health Adolf Prochazka to desist from making public speeches. Prochazka has not, in fact, spoken in public for more than two weeks now.

Because of this situation, and Hala's insistence on making continual retreats before the Communists (such as the order to Deputy Alois Rozchnal to resign the post of rapporteur of the Immunities Committee in the case of Drs. Bugar and Kempny), the Party is more and more becoming completely demoralized.

Furthermore, the Labor Attaché has learned reliably that in the Executive Council of the Trade Union Movement the Populist trade union representatives no longer put up fight on easy issues, even failing to support Social Democrat [revisions?] and modifications to Communist proposals.

The Party press, managed directly by Dr. Ivo Duchacek, Pavel Tigrid and Bohdan Chudoba, on the other hand, has been its saving grace, showing in general commendable courage. But if, as seems

¹ Gen. Ludvik Svoboda, Czechoslovak Minister of National Defense.

² Ernest Bevin, British Secretary of State for Foreign Affairs.

likely, Tigrid and Chudoba (Duchacek is still very close to Hala) are discredited within the Party, the Party itself will rapidly be discredited in the eyes of its following, which must then seek a new Party allegiance or remain unaffiliated and unrepresented.

From the larger viewpoint it should be obvious that only by a firm and resolute stand of the National Socialists, Slovak Democrats and the Populists can the Communists be prevented from gradually gaining complete domination of the Government. It has been apparent that the Social Democrats cannot be surely relied upon, even on this crucial point. If the Party should swing away from the Communists after the Party Congress in November, so much to the good. But this is entirely problematical now.

Given, however, the spineless attitude of the executive of the Populists, the National Socialists and Slovak Democrats are left alone to fight the anti-Communist battle.

All in all, it appears that (1) the firm alliance of the three large moderate parties on the fundamental issues of Czechoslovak independence and democracy could probably pull the country through the present crisis, which will doubtless continue (barring severe intervention by the Soviet Union); (2) that the balance of democratic and anti-democratic forces is so even, the practical defection of the Populists tips the scales in favor of the Communists.

STEINHARDT

711.60F/10-2947

Memorandum of Conversation, by the Chief of the Division of Central European Affairs (Beam)

SECRET

[WASHINGTON,] October 29, 1947.

Participants: Mr. Jan Masaryk, Foreign Minister of Czechoslovakia
Mr. Lovett, Acting Secretary of State
Mr. Beam, Chief, Division of Central European Affairs

Mr. Masaryk called ostensibly to inquire concerning the possibility of Czechoslovakia acquiring radio isotopes for hospital use. He was informed that the Department would look into the matter, particularly US Government legislation regarding the export of these isotopes and that the pertinent information would be communicated to the Czechoslovak Embassy.

Mr. Masaryk's visit was mainly a social call, in the course of which he gave a full demonstration of the charm and type of humor commonly associated with him. Between anecdotes, he brought out the following points of interest:

1. The Czechs have proved indigestible to any power attempting to swallow them. Although sympathetic to the Russians, they are a different type of Slav, have a more advanced culture, and cherish their independence. Many Czech Communists are sincere patriots.

2. Present Communist strength is 38% of the electorate. While a decrease was desirable, a radical reduction might prove dangerous, since it might give the Soviets cause for direct action.

3. He, Masaryk, was the most popular man in Czechoslovakia and would do his best to see that the Communists did not get 51% of the vote. He had not joined any party but would do so if necessary to prevent Communist domination.

4. The Czechs were in a most difficult position. As Foreign Minister he had had to make speeches in the UN attacking US policy, but he had always been careful to observe the proper forms. All the outward aspects of freedom were still apparent in Praha, although Communism was ever present as an ominous influence.

5. Masaryk made an appeal for continued show of US interest in Czechoslovakia. The British were doing a good propaganda job with few resources. The US should leave the way open for free culture exchange, since Czechoslovakia avidly desired contact with the west. This would help it preserve its autonomy and resist Soviet encroachment.

860F.00/10-3147 : Telegram

The Ambassador in Czechoslovakia (Steinhardt) to the Secretary of State

SECRET

PRAHA, October 31, 1947—6 p. m.

1444. Highly reliable source reports Slovak Democratic Deputy Prime Minister Ursiny resigned this morning in face of ultimatum from Prime Minister Gottwald expiring noon today which gave Ursiny choice of resignation in which case he would not be prosecuted or prosecution similar to that of Bugar and Kempny. Ursiny had previously admitted to his governmental colleagues that he made available to his employee Otto Obuch secret minutes of governmental sessions. Police claim they have proof that Obuch was principal liaison with subversive Slovak plotters abroad, Durciansky and Sidor.

Most likely successor is Ivan Pietor.¹

While the resignation of Ursiny if confirmed will be a blow to Democratic Party in Slovakia, it will not be a fatal blow if for no other reason than because of the general impression in Slovakia shared by Czechoslovakia anti-Communist leaders and this Embassy that Dem-

¹ Minister of Transport and a member of the Slovak Democratic Party.

ocratic Party in Slovakia has been badly in need of a housecleaning for a long time. Much will depend on type of leaders who will succeed Ursiny, Bugar, Kempny and others. If they are courageous Democrats who do not bear the taint of their predecessors, consequences to party may even be good in long run as it seems quite clear that purge of leadership is not causing any serious defection among followers of party who remain adamant in their opposition to Communism. As it is generally conceded that not less than 60 percent and perhaps as much as 70 percent of population of Slovakia is bitterly anti-Communist, it remains to be seen to what extent element of fear may cause them to change their votes at the election.

STEINHARDT

S60F.00/11-347 : Telegram

The Ambassador in Czechoslovakia (Steinhardt) to the Secretary of State

CONFIDENTIAL URGENT PRAHA, November 3, 1947—5 p. m.

1451. Slovak political situation increasingly serious as Communists take advantage of condition created by corruption, ineptitude Democratic Party leadership. Latest incident Communist attack on above leadership launched as demand for resignation Slovak Board of Commissioners (SBC) initiated by Communist-dominated Slovak Trade Union Council (SOR) and unanimously adopted as resolution by special October 30 meeting of 1836 delegates of Slovak Workers Council (reEmbtel 1447 October 31¹). Rambling resolution of over 1500 words stresses danger from subversive anti-state activity, deterioration food supply, extensive black market activity which allegedly source financial support subversive activity, general sabotage Czech reconstruction program. Presented October 31 to Dr. Husak Communist Chairman Board Commissioners was used as springboard for his resignation, resignations all other Communist members SBC and resignation General Ferjencik non-party representative Slovak partisan organization who interpreted partisan support Trade Union resolution as mandate from those here presented.

Slovak National Front, called into session immediately, attended by representatives Slovak Communist Party, Freedom Party, Social Democratic Party, SOR partisans, but minus representatives Slovak Democratic Party, adopted resolution praising Ferjenčik's handling Ministry of Interior, taking cognizance of resignation of SBC, recognizing necessity reorganize it "in interest renewing confidence people in Slovak national organs", commissioning Husak prepare working

¹ Not printed.

program for new SBC and begin discussions creation new board. Officers Slovak Democratic Party after separate meeting October 31, failed to take public position on SOR demand but claimed that in absence resignation Slovak Democratic members board as whole cannot be considered to have resigned. Praha press November 1 unanimously carried headline "SBC Resigned". Only National Socialist *Svobodne Slovo*, noting Democrats denial through whole line of Communist attack on Slovak Democratic Party, presented to Workers Council members, basic unifying factor was present serious food situation Slovakia with workers especially middle Slovakia unable obtain adequate food supply last 6 weeks. Trade Unions counseling hold-the-line wage policy because inflationary threat, under tremendous pressure from rank and file workers watching real income dwindle as they forced into black market for basic necessities. This, plus fact that Food and Agriculture Ministries in hands inefficient Slovak Democrats out of sympathy with legislation they are supposed to implement, has created perfect setup for Communists, who one week earlier had considerably flustered Democrats by threatening resignation their commissioners.

It appears that specific Communist targets are Frastacky, Fillo, Kvetko, and Josko.² First two are in an anomalous situation because of reported resignation Fillo October 14 under Communist pressure and reported withdrawal resignation when Left-Wingers objected to his replacement by Frastacky who was Food Commissioner before May, 1946. Ability SOR supported by partisans to force Slovak Cabinet crisis marks emergence these two ostensibly "non-political" but actually Communist dominated groups as significant political forces Slovakia.

By now Slovak food situation has deteriorated so far that any food commissioner will have extremely hard task. Food commissioner acceptable to trade unions might ease tension by increasing confidence of industrial population in food distribution agency and saddling workers representatives with responsibility difficult distribution problem. Present estimates indicate if existing wheat supply distributed justly it would be adequate only until some time in December. Wheat lack due to inefficient and corrupt distribution on top of drought and to some extent under-cultivation of about 30% of best Slovak land by Hungarians who feared removal. Possibility food assistance from Praha Government to Slovakia limited by (1) food shortage Bohemia,

² Rudolf Frastacky was vice president of the Slovak Board of Commissioners, while Kornel Fillo, Martin Kvetko, and Matej Josko were commissioners. All, of course, were members of the Slovak Democratic Party.

Moravia; (2) resentment increasingly rationed Czechs to further cuts to provide food for unrationed Slovakia; (3) disinclination Communists in National Government to bail out Slovak Democrats.

Slovak Communist official hinted to Labor Attaché that Soviets are holding wheat shipments destined Slovakia in Ruthenia pending clarification "chaotic" food distribution in Slovakia. This may be tip-off to Communist argument in political negotiations on reconstruction SBC and possible future propaganda.

Political situation in Slovakia at most serious point since liberation. Extent to which Democrats will lose commissionerships or will be split internally is still not clear but there is no doubt that with Democrats on the run, Communists will press for a rout. If Democratic leaders hold together through this crisis Embassy still inclined believe they will not lose much popular support and may be able to consolidate their strength provided they can (1) clean house; (2) give able administration (see A-858, October 31³).

Official attitude Democratic party will probably be formulated at Bratislava today and Embassy understands National Front in Praha will discuss question in Praha November 4. Although intervention Praha usually means upper hand for Communists, latest information reaching Embassy from reliable sources is that National Socialists and Catholic Populists are planning to oppose firmly Communists demand install representatives of Slovak trade unions and resistance organizations on SBC. Should Czech moderates be outvoted in National Front, their present intention is to appeal to President to dissolve government and to call general elections. In view past experience, Embassy believes some compromise will be found which will avoid sundering National Front and calling elections. However, moderates feel sure President would call elections if they left government. Constitutional provisions regarding election machinery which were observed May, 1946, apparently required 8- or 9-week preparation for balloting so election could not occur before January.⁴

STEINHARDT

³ Not printed.

⁴ Telegram 1479, November 6, from Praha, not printed, reported that the Czechoslovak Cabinet on November 5 had authorized Prime Minister Gottwald to open discussions with party leaders with regard to the establishment of a new Slovak Board of Commissioners in view of the resignation of the current board (S60F.00/11-647). Gottwald began his talks in Bratislava on November 8. After his return to Praha on November 12, discussions were held with members of the National Front.

860F.51/11-1347 : Telegram

The Ambassador in Czechoslovakia (Steinhardt) to the Secretary of State

SECRET

PRAHA, November 13, 1947—2 p. m.

1518. In conversation with Ripka he stated that if a 20 million dollar cotton credit could be obtained from US in near future he was in position to assure me that Czechoslovak Govt would promptly settle large American claims for nationalized property. As our Govt has had under consideration a 20 million dollar cotton credit to Czechoslovakia, and as I am convinced that Czechoslovak foreign exchange position with particular reference to dollars has deteriorated to point at which there is little hope for settlement of our claims for nationalized properties in near future, and as I would not be adverse to extension of a cotton credit provided there is a really worthwhile *quid pro quo*, Dept may wish to instruct me to explore possibilities growing out of Ripka's suggestion.¹

In connection with foregoing it would seem highly undesirable that any encouragement be given Czechoslovaks that cotton credit may be extended unless and until a very definite agreement has first been reached in Praha re payment our claims for nationalized properties as a condition precedent to extension of any such credit. Ripka told me in strict confidence that Soviet authorities had already informed him that maximum amount of cotton they will be able to deliver pursuant to their promise of 20,000 tons is 14,000.

STEINHARDT

¹ Telegram 1310, November 28, to Praha, not printed, stated that the matter would be discussed with the Ambassador upon his planned return to the United States (860F.51/11-1347). Ambassador Steinhardt departed from Praha on November 24, 1947.

860F.51/11-1447

Memorandum of Conversation, by the Chief of the Division of Central European Affairs (Beam)

SECRET

[WASHINGTON,] November 14, 1947.

Participants: The Secretary
Mr. Beam

Mr. Masaryk
Ambassador Slávik

Mr. Masaryk said he had the following specific points to raise:

Cotton Credits. The Secretary recalled that Czechoslovakia had applied for an additional \$20,000,000 cotton credit and stated he had just received a telegram¹ from Ambassador Steinhardt, which was under consideration.

¹ The reference here is to telegram 1518, November 13, from Praha, *supra*.

Czechoslovak Share in Gold Pool. The Secretary pointed out that restitution claims were determined by the Tripartite Commission and he understood that the validity of the Czechoslovak claims was still under consideration.²

*International Bank Credit Application.*³ The Secretary indicated that the Czechoslovak application for a credit was still under advisement by the International Bank and that this matter related more directly to the work of the Bank than to that of the Department.

Interest in Food Shipments. Mr. Masaryk mentioned that Czechoslovakia had been badly hit by drought, which affected the wheat and potato crops. The 200,000 tons of wheat offered by the Soviets was slow in coming and he wanted the Secretary to know that Czechoslovakia would be grateful for any shipments that could be accorded it. As he put it, his country was one of those "standing in line".

Mr. Masaryk then presented a survey of Czechoslovakia's general position. (See also memorandum of Mr. Masaryk's conversation with Mr. Lovett dated October 29, 1947⁴). US prestige and popularity were high and seven times more American films were being shown in Czechoslovakia than before the war. He regretted that the US cultural program had been curtailed by shortage of funds. The Czechoslovaks were more culturally advanced than most of the other Slavs and had a long history of western orientation which they wished to continue. At the same time, they were separated by a great distance from the western nations which could give them help directly and they were forced to make the best of a difficult situation caused by their contiguity to the Soviet sphere. Mr. Masaryk pointed out that he was not always free to adopt the kind of position he would like to take and that Czechoslovak policy frequently had to cut across that of the US. At the same time he would return to his country prepared to do all he could for the survival of constitutional democracy.

² On September 26, 1946, the Governments of the United States, the United Kingdom, and France established the Tripartite Commission for the Restitution of Monetary Gold. It was the function of the Commission to scrutinize claims received and to determine the share of each claimant Government in the pool of monetary gold found in Germany or found in a third country to which it had been transferred from Germany. Regarding the establishment of this Commission, see Department of State *Bulletin*, September 29, 1946, p. 563.

Czechoslovakia had submitted to the Tripartite Commission a claim amounting to 45,000 kg. or about \$50 million. It was the Department's policy that once the claim had been submitted to the Commission, it was for the Commission to make the decision whether the claim was wholly or partly admitted for participation in the gold pool. At this time, the Commission had not made a decision regarding the recognition of the Czechoslovak claim.

³ The reference here is to the credit of \$350 million which the Czechoslovak Government informally requested in July 1946 and for which a formal application was filed in February 1947.

⁴ *Ante*, p. 237.

The Secretary said he appreciated the fact that Czechoslovakia had originally wished to join the European Recovery Plan. He mentioned that the US hopes there will be a general reactivation of trade between all the countries of Europe as a result of western European rehabilitation. He had in mind that US assistance would get normal trade circulation started again and would promote an increasing volume of exchange between east and west. In his view, a reestablishment of European confidence was the essential point and he referred to the recovery which the US had quickly made from the depths of the 1933 depression. He appreciated that this might take some time to get started but that hope of recovery lay essentially in the revival of European initiative.

The Secretary mentioned that in response to a question from the Polish Ambassador as to why Russia had not been consulted in the original plans for the recovery program, he had given the assurance that there had been no prior consultation with either the British or the French, who themselves had immediately acted upon his general proposal. This was the truth, although he recognized that it might have been difficult for the Polish Ambassador to understand it in view of Soviet propaganda against the program.

The Secretary asked Mr. Masaryk if he could account for Soviet Russia's actions since the end of the war, which seemed incomprehensible in the effect they had produced in destroying the good will which Soviet Russia enjoyed with all the world in 1945. Mr. Masaryk thought these actions sprang from suspicion of the outside world and from Soviet obsession that the US is bound to suffer an economic collapse, which will withdraw it from world affairs and leave the fate of Europe to Soviet decision.

In taking leave of the Secretary, Mr. Masaryk expressed his personal admiration for the assistance which the US was giving Europe and again indicated his regret that his country could not be a direct participant in the program.

860F.00/11-2047 : Telegram

The Ambassador in Czechoslovakia (Steinhardt) to the Secretary of State

SECRET

PRAHA, November 20, 1947—9 a. m.

1548. Government announced Tuesday night¹ agreement by all Slovak political parties and National Front in Praha to following board of commissioners for Slovakia as settling governmental crisis there.

¹ November 18.

President Husak Communist; Vice President Lt. Colonel Polak Democrat; Interior Ferjenčík non-party; Finance Josko Democrat; Education Novomesky Communist; Justice Dr. Andrej Buza officially non-party but generally believed to be Social Democrat; Information Lukačovic Democrat; Industry Dr. Solteš Communist; Agriculture Styk Democrat; Transport Bezek Communist; Technical Matters Stefanik Demo; Posts Blaho Freedom Party; Social Welfare Pull Communist; Health Bečko Social Democrat; Food Kvetko Democrat.

Officially new board consists of six Democrats, one Freedom Party, one Social Democrat, two non-party and five Communists. Actually based [apparent garble] political convictions of individuals selected for posts board consists of nine non-Communists, five Communists and Ferjenčík who regards himself as "neutral".

There little doubt that solution of crisis in Slovakia represents a serious setback for Communists who had confidently expected to take over government in Slovakia. They failed completely in their principal endeavor to seat representatives of Trade Unions and Partisans. They also failed to obtain a majority of board and in effect made little gain of any consequence. They also failed to take over posts of Justice and Agriculture which they particularly desired. With Finance, Justice, Information, Agriculture and Food held by non-Communists, it doubtful that Communists can shake hold of Democrats on Slovak Government by legal means. It remains to be seen what form Communist reaction will take to setback.

Outcome of crisis in Slovakia coupled with dismissal of Fierlinger as chairman of combined Czech and Slovak Social Democrat Party will soon oblige Communists to make a basic policy decision as to whether they should continue their efforts to take over government by a semblance of legal means or whether they should resort to means employed in other countries now under Soviet domination.²

STEINHARDT

² Telegram 1535, November 17, from Praha, not printed, reported that on the previous day, the Congress of the Czechoslovak Social Democratic Party, voting by secret ballot for the first time in its history, had removed Zdeněk Fierlinger as Chairman and replaced him with Bohumil Lausman. Steinhardt's analysis of this election was as follows:

"Lausman should not be regarded as a representative of right-wing of party. On other hand, he is no Fierlinger. In spite of his radical tendencies and probability that he will have to cater somewhat to working classes he is by no means a Moscow stooge. Having moved considerably to right in order to unseat Fierlinger he will probably now seek to avoid being labeled as a rightist by making some gesture to leftist elements in party. On other hand, it is of prime importance to bear in mind that Communists can no longer rely upon a slavish acceptance by Social Democratic Party of any and every step they desire to take. To this extent balance of power which Social Democratic Party obtained as a result of last election has been reestablished. In consequence Communists will be obliged to find some other means of maintaining their control of government other than certainty that Fierlinger could be counted upon to deliver Social Democrat's support on any issue deemed sufficiently important by Communists." (860F.00/11-1747)

740.00113 EW/11-2047 : Telegram

The Ambassador in Czechoslovakia (Steinhardt) to the Secretary of State

SECRET

PRAHA, November 20, 1947—3 p. m.

1554. In conversation today with Gottwald I told him abusive and vicious attacks against US and all things American in Czech Communist press during past few months have been poisoning atmosphere and must inevitably lead to deterioration in relation between countries. I referred to failure of Czech Government to implement understandings arrived at between his so-called plenipotentiary Niederle and several of larger American claimants for compensation for nationalized properties. Gottwald replied that while he had seen occasional articles "critical" of U.S. he had not realized that they had been as numerous or as vicious as described by me. He said he was opposed to abusive articles and felt that they should not go beyond what he described as "legitimate criticism". I said we had no objection to legitimate criticism and to support my contention that many of articles have been abusive left with him an album containing twenty of worst articles. After glancing through a few of articles Gottwald assured me that he would take immediate steps to bring abuse to an end adding "but of course you must expect legitimate criticism".¹

On subject of claims for nationalized properties, Gottwald also suggested a global settlement. (See my 1555, November 20²). I asked him whether if I could persuade Dept in course of my visit to Washington to accept a global settlement I could count on his wholehearted and unqualified support in putting any global settlement that might be agreed upon through Cabinet and Parliament without delay. He replied that if a global settlement is agreed upon which is satisfactory to both governments he would have it approved at once by his government.

Gottwald then inquired as to why no progress has been made in negotiating a commercial treaty and stated categorically that he desired a commercial treaty with US as soon as possible. I expressed my astonishment that he was not aware of fact that no action had been taken by his government on proposed draft submitted by Em-

¹ Telegram 1587, December 1, from Praha, not printed, reported that there had been marked improvement in the attitude of the Czechoslovak Communist press towards the United States since Ambassador Steinhardt's talk with Prime Minister Gottwald (711.60F/12-147).

² Not printed. It reported that on November 19, Ambassador Steinhardt had conversed with Acting Foreign Minister Clementis on the failure of the Czechoslovak Government to settle the claims of those Americans whose property had been nationalized (740.00113 EW/11-2047).

bassy to FonOff nearly six [two?] months ago.³ I said I had been trying for several months without success to extract from FonOff its comments and suggestions on our draft. Gottwald said he could not understand failure of FonOff to proceed promptly with negotiations. To this I observed that political tension within country had been so great during recent months as to have paralyzed action by many high officials of his government who feared criticism from political adversaries for any action they might take. I suggested he send a memo signed by him personally to all Ministries concerned with negotiations stating that as a matter of policy he desired a commercial treaty with US negotiated as quickly as possible and expressed confidence that such a memo would produce desired result. He said he would do so. At close of our talk Gottwald expressed concern at adverse balance of trade between Czechoslovakia and U.S. and suggested that this condition could be corrected to advantage of both countries by extension of credits. I replied by reciting more than 250 million dollars of gifts and credits extended by U.S. since end of war which I pointed out had brought us neither settlement of our claims nor a friendly press. We had made our gesture and that when our claims for nationalized properties had been settled, a commercial treaty negotiated and Communist press had discontinued its abuse of us for a reasonable period of time I would be prepared to recommend extension of further credits to Czechoslovakia but not until then.

STEINHARDT

³ The reference here is to the United States draft of articles to serve as a basis for negotiating a treaty of friendship, commerce and navigation with Czechoslovakia. Regarding that draft, see instruction 1489, August 29, to Praha, p. 227; as indicated in footnote 4 to that instruction, the draft articles were made available to the Czechoslovak Government on September 22.

711.60F/11-1447 : Telegram

The Ambassador in Czechoslovakia (Steinhardt) to the Secretary of State

SECRET

PRAHA, November 24, 1947—9 a. m.

1563. In conversation with Clementis November 21, he said that on instructions of PriMin he held conference the twentieth with Novy, editor-in-chief of *Rude Pravo*, Simone and Haluska (the two individuals who have been writing the most violent of anti-American articles), in course of which he had told them that while "legitimate criticism" of the United States, particularly insofar as concerns American policy in Germany, was permissible, abusive articles must be discontinued immediately. Clementis added that his directive was

already in effect as would be apparent from examination of *Rude Pravo* today.

We then discussed the commercial treaty, and American claims for nationalized properties as well as our claim for illegally seized properties. He said he would endeavor to send to Embassy for transmittal to Department while I am still in Washington an alternative treaty which the Czech Government would approve.

As to our claims for nationalized properties, he emphasized desirability of a global settlement not only to bring to an end the interminable wrangling with respect to each individual claim large or small, but to avoid the issue of naturalization [*nationalization*] as well as question of German assets, to the extent that American claimants are demanding compensation for companies of German registration in Czechoslovakia. He said Czech Government was disposed to make a generous global settlement in order to bring matter to an end once and for all, and stated that he had been informed our govt was considering global settlements with Poland and Yugoslavia. He observed that if we could agree on the amount and terms of a global settlement, only problem then confronting Czech Government would be that of finding the necessary amount of dollars with which to make the initial payment. I replied that if a commercial treaty is consummated, and agreement is reached as to amount and terms of global settlement, and his efforts with Communist press are successful, I would be prepared to recommend to my government the extension of a substantial cotton credit which would solve problem of dollars initial payment under global settlement, as in the absence of a substantial cotton credit it would obviously be necessary for the Czech Government to find many millions of dollars with which to finance its necessary purchases of cotton in the United States during the next year, and that these dollars would thus be freed for application to global settlement.

STEINHARDT

860F.00/11-2447 : Telegram

The Ambassador in Czechoslovakia (Steinhardt) to the Secretary of State

SECRET

PRAHA, November 24, 1947—10 a. m.

1564. I called on President Beneš November 20 at his suggestion for a general talk. He was in much better physical condition than I had hoped. He gave no evidence of being feeble although his speech periodically came slowly and his one leg drags slightly when he walks. I gained the impression, in course of a talk of over an hour, that he has made a very substantial recovery and that his life is not in danger.

The President was delighted with Fierlinger's ouster and readily took credit for what he described as a major victory. He feels that the balance in the govt has been restored, that the Communist attack on the govt has been beaten off, and is now bending his efforts towards making the Social Democratic party as independent and non-Communist as possible. He was also pleased with the solution of the Slovak crisis. His optimism reached the point of asserting that the turning point had been reached. While he anticipates that Communists will make at least two more efforts between now and elections in May to intimidate, even terrorize, the non-Communist and thus influence outcome of the election, he does not believe that further efforts will precipitate a more acute crisis than those just passed through, and is convinced as the non-Communist leaders and public in general have taken courage from recent Communist defeats, the severity of any future crisis will less pronounced.¹

The President said that during the past week he had taken a personal interest in endeavoring to force the Cabinet to settle claims of western powers for nationalized properties. He has had talks with Gottwald, Ripka, Clementis, Niederle [*Nejedly?*] and others on the subject, and pointed out to Gottwald that the honor of Czecho was at stake. He said he had told Gottwald that it was "intolerable" to drag matter any longer and that he wanted settlements negotiated as soon as possible even though cost might be considerably more than members of govt deemed necessary. He said he had pointed out to Gottwald that as Czecho was the only highly industrialized state in the Soviet orbit and was dependent to a large extent on the west for the import of raw materials, it was suicidal for the govt to become an economic satellite of Soviet Union and utterly disregard its financial obligations to the west. He said Gottwald told him that matter would be given immediate attention that all ministries of govt would be instructed to seek prompt settlement.

The President also expressed his keen interest in negotiations of a commercial treaty with United States as soon as possible.

In the course of his general remarks the President showed a more hostile attitude towards Communists than he had in any previous talk with me and at the same time took occasion to stress his desire for continued friendship with the United States. He said he hoped our govt would succeed in its efforts to restore tranquility to a troubled

¹ Telegram 1553, November 20, from Praha, not printed, related that Ambassador Steinhardt had heard from reliable sources that during a recent interview with President Beneš, Prime Minister Gottwald had complained that it was increasingly difficult for him to function in his post and that in order to obtain "cooperation" from the non-Communist leaders, it might be necessary to purge the ranks of the non-Communist parties. To this Beneš is said to have replied: "Then I guess you will have to begin with me." (860F.00/11-2047)

world. He referred particularly to his recently published memoirs with their laudatory comments concerning the United States which he added had very much annoyed Communists.

STEINHARDT

860F.6131/12-547 : Telegram

The Chargé in Czechoslovakia (Bruins) to the Secretary of State

SECRET

PRAHA, December 5, 1947—10 a. m.

1610. ReEmbtel 1606, December 5,¹ Soviet promise delivery 600,000 tons grain to Czechoslovakia by end April 1948, this announcement contained in long and extremely effusive telegram from Gottwald to Stalin which widely published in press on theme "friend in need is friend indeed".² Czechoslovak Communist press elaborated this idea pointing out foregoing represents 40 percent of country's annual bread grain requirements and that Soviet aid especially timely and appreciated. Semi-official daily review also reports arrival at Czechoslovak border of 27 carloads grain, 50 tons each (1350 tons).

It long been Embassy's opinion that because relatively good grain crops in Russia, Soviets would assist Czechoslovakia with grain shipments at time regarded most advantageous to Communists in forthcoming election campaign.³ It probable present move which appears to accelerate at least first deliveries may have been dictated by need of Czechoslovak Communist Party for some bolstering after rather sharp setbacks in November and by fact that Czechoslovakia could not indefinitely continue shipping heavy machinery and textiles to Soviet Union without some form of payment. Public announcement of course did not mention that Soviet grain must be paid for, but contained

¹ Not printed.

² In July 1947, at the time a Czechoslovak delegation headed by Prime Minister Gottwald visited Moscow to discuss the question of Czechoslovak participation in the European Recovery Program, the Soviet Union undertook to deliver 200,000 tons of wheat and 200,000 tons of fodder to Czechoslovakia in 1948. In late November, Gottwald made a personal appeal to Stalin for 150,000 tons of wheat in 1948 above the amount already promised. In reply of November 29, Stalin promised to increase Soviet deliveries of wheat to 400,000 tons, 50,000 tons of which would be delivered before the end of 1947. Deliveries of all 400,000 tons of wheat and 200,000 tons of fodder were to be completed by April 1948. Gottwald's telegram of appreciation, which is under reference here, was dated December 2.

³ In despatch 3316, December 3, from Praha, not printed, Chargé Bruins commented as follows about the timing of the Soviet promise of increased wheat deliveries:

"The Embassy believes that the Prime Minister and the Communist Party chose this particular time to publicize Soviet 'generosity' (1) in order to offset the two recent Communist setbacks—in Slovakia and at the Social Democratic Congress in Brno where Fierlinger was ousted as party chairman, and (2) to coincide with alleged failure of Masaryk to obtain grain from the United States." (860F.6131/12-347)

implication it was generous gesture on part of Mother Russia. It pertinent that Czechoslovak trade delegation now in Moscow negotiating new commercial agreement which will doubtless take usual form of exchange of commodities.⁴ Czechoslovak economic experience thus far with Russia is that commodities Russia furnishes are far over-valued whereas Soviets insist on under-valuation of Czechoslovak products.

I regard it extremely doubtful whether it physically possible transport to Czechoslovakia the quantity of grain stated within periods mentioned. Am informed there is only one entry point in Czechoslovakia for Soviet grains which has equipment for expeditiously dumping Russian gauge freight cars and reloading contents into standard Czechoslovak gauge cars. Am reliably informed these facilities at top permit maximum transfer of 1500 tons per day and consequently 600,000 tons of grain would require 400 days if deliveries made promptly to transfer point. Obviously shipments cannot proceed up Danube River during winter and use other routes would entail even greater delays. Consequently it would appear Communists are attempting obtain maximum propaganda effect from announcement at this time and as has usually occurred in past deliveries are likely to fall far behind promises. Parliamentary secretary of Slovak Democratic Party stated privately that of 27-car train which just arrived, only 4 cars contained foodstuffs although this lacks confirmation.⁵

Am strongly of opinion that announcement re Soviet deliveries to Czechoslovakia should not change US policy of no food deliveries and no loans to Czechoslovakia until country has complied with our desire for: (1) compensation to Americans for losses in Czechoslovakia, (2) cessation of anti-American press campaign of vilification and (3) until Czechoslovak Government takes some positive steps toward negotiation of commercial treaty. While point 2 has been temporarily achieved, [no?] action has been obtained on other two. I feel confident that continued firmness on our part will during next few months not result in undue loss of prestige to US inasmuch as hope of future loans and food deliveries is more potent than actual dispensing of them at present.

BRUINS

⁴ On December 11, in Moscow, following several months of negotiation, Czechoslovakia and the Soviet Union concluded a treaty of commerce and navigation, trade and payments agreement covering the 1948-1952 period, an agreement concerning a short-term credit for Czechoslovakia, and an agreement concerning scientific and technical collaboration.

⁵ In telegram 1683, December 24, from Praha, not printed, Chargé Bruins reported that 48,000 tons of grain had already been delivered to Slovakia from the Soviet Union. Bruins added that Minister of Foreign Trade Hubert Ripka had told him that the Soviet grain deliveries had averted a real crisis and "in his opinion it also [was] beneficial for country thus to strengthen position of Gottwald whom he characterized as moderate Communist." (860F.6131/12-2427).

860F.00/12-1047

*Memorandum by Foreign Service Officer J. Graham Parsons of a Conversation With the Vatican Under Secretary of State (Tardini)*¹

SECRET

[VATICAN CITY,] December 10, 1947.

Discussing the Catholic Populist Party, Monsignor Tardini emphatically agreed that its leadership was regrettably weak. Monsignor Sramek was too old and Monsignor Hala was too weak and too prone to make concessions. Given the importance of Catholic interests in Czechoslovakia and of the country itself, he expressed considerable concern. However, he was glad that I understood and wished I would explain to all comers that Catholic political parties were independent of the Vatican and had full liberty of action. In fact, here in Italy I could see the propaganda use made of any alleged entrance of the Church into political questions or on the other hand of domination of political parties by the Church. He then illustrated his point with several stories.

A month ago a diplomat here had asked if he, Tardini, would like to talk with Monsignor Hala in Rome. When Tardini replied that he was indifferent whether Hala came or not, he was then asked if he would see him if he came. Tardini then replied that yes, of course, he would receive him; but when further queried as to whether he would wish to see him, he answered frankly no. He then said that Monsignor Hala had not come here and from his tone it seemed that there was little likelihood of his coming.

Reminiscing, he said that in Monsignor Tiso's time the situation was unsatisfactory to the Vatican and as often was the case with political prelates, he paid no attention to "suggestions" and thoughts expressed from Rome. In fact, the situation was such that in his Christmas cable the Pope never once addressed him as "The Right Reverend Monsignor Tiso", but only with his lay title as President. Finally, as a further indication of the independence, often embarrassing independence, of Catholic parties in countries where the participation of priests in politics was sanctioned by tradition, he mentioned the long standing disputes between the Catholic Party of Slovakia and the Czech Catholic Party. The two were frequently at odds and in a manner which the Vatican could never approve.

At the close of this phase of the conversation we reverted to Monsignor Hala for a moment and I suggested that persons in his position might be influenced to return to religious life and clerical duties. Tardini said that that would be a good thing, without indicating whether such a suggestion could or would be made to him.

¹This memorandum was transmitted to the Department as an enclosure to despatch 652, December 10, from Vatican City. Parsons was Assistant to the Personal Representative of the President to Pope Pius XII.

740.00119 Control (Germany)/12-1947

The Chargé in Czechoslovakia (Bruins) to the Secretary of State

RESTRICTED

PRAHA, December 19, 1947.

No. 3369

SIR: I have the honor to transmit a translation of the Czechoslovak Foreign Office Note 240.724/M-1/47 of December 17, 1947¹ regarding anti-Czechoslovak political activity among former Sudeten Germans now in the American Zone of Germany, with the following background explanation.

The officers at this Embassy who deal with political matters have on several occasions permitted their Czechoslovak contacts to gain the impression that we do not look with any degree of warmth on the gratuitous publicity indulged in by various Czechoslovak government organs on the manner in which the United States administers its Zone of Occupation in Germany, especially as regards the nearly 1,750,000 Sudeten Germans who were recently transplanted there. By the same means the Czechoslovak authorities have repeatedly been reminded that at the Potsdam Conference when the question of transferring Sudeten Germans was being discussed the British delegation was against the transfer, the Russians were in favor of it and that American action in siding with the Russians was the decisive factor which put into effect the policy of transferring the Sudeten Germans. Furthermore, the Czechoslovak authorities have been reminded that by far the largest part of the Sudeten German population was taken into our Zone much to our own inconvenience and expense and consequently the American authorities are not inclined to view with any warmth the gratuitous suggestions of the Czechoslovak authorities as to how we should handle the Sudeten Germans in our Zone. This culminated in a press release by the Embassy, November 8, 1947, after due consultation with our Military Authorities in Germany which contained a statement of our policy of forbidding any political organization among the Sudeten Germans as such and of only allowing

¹Not printed; it expressed satisfaction with the declaration of the American Embassy in Praha on November 8 concerning American policy toward the Sudeten German population transferred to Germany (see the following footnote). The note complained, however, about the alleged anti-Czechoslovak activities in the American zone of occupation of Germany by Wenzel Jaksch, exile leader of the German Social Democratic Party of Czechoslovakia. The note also complained that the German press in the American zone was allowed to publish resolutions, speeches and articles dealing with the Sudeten Germans which were hostile to the Czechoslovak State.

them to belong to social and cultural organizations which were not exclusively Sudeten German in membership.²

However, Ambassador Steinhardt and Mr. Bruins on the occasion of a lengthy conversation on this subject on November 13th with Dr. Arnost Heidrich, General Secretary, (a position analogous to Under-secretary) of the Czechoslovak Ministry of Foreign Affairs informed him that if the Czechoslovak authorities at any time have specific, factual information or documentation in support of their assertions that the Sudeten Germans are indulging in undue political activity and agitation we would accept it from him and transmit it to the appropriate American authorities. At the same time it was suggested to Dr. Heidrich that the American authorities in Germany have much better facilities for ascertaining the pertinent facts than do the Czechoslovak authorities whose representation in Germany is small. It may be mentioned here that Dr. Heidrich is extremely cooperative and sympathetic not only with the United States but with all of the Western Powers.

On December 18, 1947, Dr. Vlado Clementis (Communist), Acting Minister of Foreign Affairs, handed me the enclosed note with the remark that it is the result of the conversation with the Ambassador and myself on this subject on November 13th. Consequently this is being transmitted for the information and use of the Department and the American Military authorities in Germany.

A copy of the note is being sent to USPolAd, Berlin, together with 7 pertinent photostatic copies of documents which were enclosed with the note.

Respectfully yours,

JOHN H. BRUINS

²The statement issued by the American Embassy on November 8 was substantially as follows: It was the intention of the United States Military Government in Germany that Sudeten Germans transferred from Czechoslovakia to the United States zone of occupation be assimilated into the German economy and social structure and that their interests be identified with those of Germany as rapidly as possible. It was also the purpose of the United States Military Government, however, that this be accomplished in a democratic manner as an example for the future behavior and actions of the transferred peoples. In view of the turmoil and uncertainty attendant upon the uprooting of these peoples, it would be appreciated that these objectives could not be achieved immediately. Understandably, individuals and groups might be tempted from time to time to express dissatisfaction with their lot. Under these circumstances, organizations among the Sudeten Germans for the purpose of protecting or improving the material welfare of their members were authorized, but organizations whose primary purpose was political activity and whose membership was restricted to transferees only were not permitted. It was not foreseen that the problems connected with the absorption of transferees into the German community would disturb good relations between Czechoslovakia and the American zone of occupation of Germany.

860F.00B/12-2247 : Telegram

The Chargé in Czechoslovakia (Bruins) to the Secretary of State

SECRET

PRAHA, December 22, 1947—10 a. m.

1670. In view recent Communist setbacks in Zecho and failure of Communists in France, Italy and other western European countries to make gains, Embassy has been on alert for signs indicating possible answer to question of whether Zecho Communists are likely resort to extra-legal methods of gaining majority in elections scheduled next May.

While it may be presumed that agenda of Communist parties in various countries contain plans for such action, it appears at present Czech Communists will make every effort in drive beginning next January to obtain their aims within constitutional framework.¹ While there is no conclusive answer to question at present, several highly placed contacts of Embassy point out three reasons against extra-legal action in Czecho: (1) non-revolutionary character of Czech people who would probably react to such methods in manner unfavorable to Communists; (2) Czecho is only Soviet periphery country with highly developed industry. Soviet Union greatly needs Czech products. Unorthodox Communist election methods would impair Czech ability to get necessary raw materials from west; (3) President Beneš is regarded as "ace in hole" who is highly popular and respected and who could be counted upon in emergency to use his position strongly to resist extra-legal action. While President has suffered physical setback, he is far from being incapacitated and his intellectual vigor is unimpaired.

BRUINS

¹ In telegram 1677, December 23, from Praha, not printed, Chargé Bruins reported that the previous day he had raised with Foreign Minister Masaryk the question of the possibility of the Czechoslovak Communists resorting to extra-legal methods in the forthcoming elections. Bruins' telegram reported Masaryk's comments as follows:

"He [Masaryk] said Gottwald had never misled him in matter of this nature and had replied Communists would seek to obtain 51 percent majority by constitutional methods, that great amount of good-will had been created in world press by fairness of last Czechoslovak elections and Communists would be unwise to adopt irregular methods. Consequently Masaryk believes this will be strategy at least in early part of election campaign and is unlikely to be altered unless orders to contrary from Moscow are received." (860F.00B/12-2347)

FINLAND

EXTENSION OF ADDITIONAL EXPORT-IMPORT BANK CREDITS TO FINLAND ¹

860D.51/1-746 : Telegram

The Minister in Finland (Hamilton) to the Secretary of State

CONFIDENTIAL

HELSINKI, January 7, 1947—5 p. m.

13. It is of interest that Soviet Minister ² at social gathering January 3rd asked me about accuracy of press report he said he saw that USA would grant additional credit to Finland. I replied that Finns had wanted and been talking about additional American credit for 6 months. Finnish Legation, Washington and American authorities were now discussing matter, and nothing definite had yet been forthcoming.

HAMILTON

¹ For documentation on the extension of credit by the Export-Import Bank to Finland in 1946, see *Foreign Relations*, 1946, vol. VI, pp. 242 ff.

² Alexander Nikitich Abramov.

860D.51/1-2247 : Telegram

The Secretary of State to the Legation in Finland

RESTRICTED

WASHINGTON, January 22, 1947—9 p. m.

23. Eximbank approved Jan 22 credits Finland \$20 million interest 3½ percent for purchase in US principally equipment rehabilitation lumber pulp paper industry including \$5.5 million for coal and petroleum repayment begin 1954 and 1958; short term \$10 million interest 2½ percent for purchase foodstuffs repayment before end 1947; short term \$2 million to finance shipments cotton; and approved participation with suppliers in exporter credits up to \$5 million to cover purchases industrial commodities. Bank announcing to press for immediate release.

MARSHALL

860D.51/2-1047

*Memorandum of Conversation, by the Minister in Finland
(Hamilton)*¹

[Extracts]

CONFIDENTIAL

HELSINKI, February 8, 1947.

Mr. Walter Gräsbeck,² who returned to Helsinki February 3 from the United States, talked with me for an hour and a half this afternoon giving me an account of his discussions in Washington regarding the new Export-Import Bank credit to Finland. Mr. Gräsbeck said that he had maintained his headquarters in New York and had gone to Washington twice a week. In Washington he had first gotten in touch with State Department officers. He had had several conferences with them. He found these officers extremely well informed regarding conditions in Finland. They had asked for particulars regarding a good many points. Some of these he could furnish himself and others he asked Mr. Matti Virkkunen, head of the Commercial Section of the Finnish Foreign Office who had also gone to Washington on this mission, to assist. The State Department people considered the Finnish figure of \$76,000,000 for an additional credit as much too high. Mr. Gräsbeck admitted that it was high. After discussions with the State Department people, Mr. Gräsbeck had then taken up his discussions with the Export-Import Bank. There he had also met a friendly and sympathetic response and there, as in the State Department, the people with whom he talked were well informed and asked searching questions.

Mr. Gräsbeck said that there were a good many difficulties in the way of Finland's obtaining an additional credit. The general world political situation, the limited funds at the disposal of the Export-Import Bank, the desire to have private American bankers resume their prewar functions in the field of foreign trade financing, and a feeling that credits for a reconstruction [loan?] should be taken up with the International Bank, all these were important factors.

Mr. Gräsbeck left the United States before the new Export-Import Bank credit agreement had been signed.³ He expected the agreement to be signed shortly.

¹ Enclosed in despatch 1073, February 10, from Helsinki.

² Head of the Finnish Cellulose Union, and member of Finnish financial missions to the United States.

³ The Agreement between Finland and the Export-Import Bank of Washington establishing a line of credit of \$20,000,000 to finance the purchase in the United States of materials, equipment and supplies required for the rehabilitation of the lumber, pulp and paper industry of Finland, and the Agreement establishing

Footnote continued on following page.

Footnote continued from previous page.

a line of credit of \$10,000,000 to finance the purchase in the United States of foodstuffs for exportation to Finland were signed on February 19. Copies of these agreements were sent to the Legation in Finland in instruction 236 on March 5. (860D.51/3-547)

The Agreement between the Export-Import Bank of Washington and the Suomen Pankki-Finlands Bank establishing a line of credit of \$2,000,000 to finance the exportation of United States cotton was signed on April 2. A copy of this agreement was sent to the Legation in Finland in instruction 256 on May 9. (860D.51/5-947)

860D.51/5-247 : Airgram

The Minister in Finland (Hamilton) to the Secretary of State

[Extract]

RESTRICTED

HELSINKI, May 2, 1947.

A-177. The following data was given April 29, 1947 by Mr. Nykopp, head of the Commercial Department of the Foreign Office, relative to the current status of credits obtained by Finland from abroad.

U. S. A.

Of the first cotton credit of \$5,000,000, 4.9 million has been used. The new cotton credit of \$2,000,000 granted early this year has not yet been touched.

The \$35,000,000 credit of January 1946 has been entirely used. Of the \$10,000,000 credit granted January 1947 for food products needed during the current year, 5.6 million or slightly over half has been used. Of the \$20,000,000 credit granted last January only \$1,000,000 has been used. The delay in using this credit is owing to the fact that it will be used largely for machinery, the purchase of which is a long-time affair, and of petroleum products which will begin to arrive soon with the current reopening of the shipping season.

[Data on the current status of credits obtained by Finland from Brazil and Argentina are omitted.]

HAMILTON

860D.51/6-647 : Airgram

The Minister in Finland (Hamilton) to the Secretary of State

[Extract]

RESTRICTED

HELSINKI, June 6, 1947.

A-222. From a reliable Finnish source it is learned that Finland has just been granted an additional 10 million dollar credit for the purchase of surplus property in the United States, and that this is in addition to the 10 million dollar credit announced a few weeks ago for purchase of surplus property in Germany.

The Finns are naturally pleased with this and our contact expressed particular pleasure in that he sees in it a clear manifestation of political support for Finland.

[Remarks about the difficulties encountered by Finland in buying surplus supplies in Germany and elsewhere are not printed.]

HAMILTON

860D.51/11-1247

Memorandum by the Chief of the Division of Investment and Economic Development (Havlik) to the Director of the Office of Financial and Development Policy (Ness)

[WASHINGTON,] November 12, 1947.

FINLAND: THIRD EXPORT-IMPORT BANK COTTON CREDIT

It is recommended that the Department concur in the Export-Import Bank recommendation to approve a credit of \$5 million to Finland for the purchase and shipment of American cotton to assure adequate supplies of cotton until November 1948.¹ The credit is unconditionally guaranteed by the Finnish Government.

This recommendation has been cleared with the political division.²

¹ Chargé Archibald R. Randolph in telegram 470, October 10, from Helsinki, not printed, relayed a message from William McC. Martin, Jr., the Chairman of the Board of Directors of the Export-Import Bank of Washington, who advised that with his consent Finland would apply for a new cotton credit of \$5,000,000 on usual terms, to be considered on its merits. Mr. Martin declared that he was more impressed by the progress and spirit in Finland than in any country he had visited. (811.516 Export-Import Bank/10-1047)

² In telegram 311, November 20, 3 p. m., not printed, Acting Secretary of State Lovett informed the Legation in Helsinki that the Directors of the Export-Import Bank had approved this third cotton credit on November 19, with repayment in 15 months at interest of 2½ percent. The first credit of \$5,000,000 (authorized on December 5, 1945) had now been entirely disbursed and partly repaid. The second credit of \$2,000,000 (authorized on April 2, 1947) was completely committed, although as yet there had been no disbursements. (811.516 Export-Import Bank/11-2047, 11-1847)

HUNGARY

EFFORTS BY THE UNITED STATES TO ASSIST IN THE MAINTENANCE OF DEMOCRATIC GOVERNMENT IN HUNGARY AND THE REHABILITATION OF THE HUNGARIAN ECONOMY; PARTICIPATION BY THE UNITED STATES IN THE ALLIED CONTROL COMMISSION FOR HUNGARY

864.00/1-2347

*Memorandum by the Director of the Office of European Affairs
(Matthews) to the Under Secretary of State (Acheson)*

[WASHINGTON,] January 23, 1947.

Subject: Hungarian Political Situation

The moderate, majority Smallholders Party, which received a clear mandate (60% of the popular vote as against 16% each for the Communists and Social Democrats) from the Hungarian people in the free national elections of November 1945, is at present under severe attack by the Communists and other leftist parties. This situation, which constitutes the most serious of the recurrent crises provoked by the Communist leaders over the past year, arose late in December when the Communist Minister of Interior¹ and the Communist Chief of the Political Intelligence Department in the Defense Ministry,² acting on their own responsibility without the foreknowledge of the Prime Minister (Smallholder),³ began to carry out a series of arrests of non-Communist army officers and Smallholder politicians allegedly engaged in a "conspiracy" against the State and looking to the restoration of the Horthy⁴ regime. These arrests have involved over 100 persons to date, including some closely associated with the Prime Minister, and are continuing. The Minister of Reconstruction (Smallholder)⁵ has been forced to resign and is now under arrest, and eight Smallholder deputies, whose legislative immunity has been suspended by vote of the National Assembly on demand of the Communists, have been arrested and face trial.

While the alleged conspiracy appears to have some basis in fact in terms of the existence of loose anti-Communist groupings which may

¹ László Rajk.

² Gen. Gyorgy Pálffy-Österreicher.

³ Ferenc Nagy.

⁴ Adm. Miklós (Nicholas) Horthy, Regent of Hungary, 1920-1944.

⁵ Andrej Mistéth.

have engaged in indiscreet interchanges, its significance appears to have been greatly exaggerated by the Communists. The timing and weight of Communist pressure in this regard suggest that the leaders of that party are seeking to entrench themselves in power before the Soviet forces withdraw and the peace treaty comes into force⁶ by (1) fastening sole responsibility for the conspiracy on the Smallholders, (2) forcing the disintegration of the Smallholders Party and thereby nullifying the results of the free 1945 elections, and (3) forming a new "front" regime under complete Communist control.

While complete capitulation by the Smallholder leadership to this pressure is by no means a foregone conclusion at this juncture, the Party seems badly shaken and confused and the Prime Minister has thus far evinced little intention to take a firm stand against these new encroachments. Moreover, the present situation appears to have nullified a previously anticipated split in the Social Democratic ranks by strengthening the hand of left-wing elements who wish to cooperate with the Communists.

The Prime Minister has denied that the Soviet authorities have intervened in any way in the present crisis, but it is very probable that Soviet influence in support of the Communist drive is fully operative behind the scenes and that the Prime Minister has made this statement under some sort of personal pressure.

While our most recent telegram from Budapest states that tension has markedly declined for the time being, in the light of the foregoing, EUR believes that the political struggle in Hungary may well be entering its most critical phase and desires to have the recommendations of Minister Schoenfeld (see the attached draft telegram⁷) before determining what, if any, steps should be taken to assist the democratic elements in Hungary to maintain the position to which they are legally and morally entitled by virtue of the 1945 election.

H. FREEMAN MATTHEWS

⁶ The Treaty of Peace with Hungary was signed in Paris on February 10, but did not come into force until September 15. Documentation on the signing and ratification of the treaty is presented in volume III.

⁷ The telegram under reference here was subsequently sent as telegram 69, January 24, to Budapest, p. 263.

864.00/1-2447 : Telegram

The Minister in Hungary (Schoenfeld) to the Secretary of State

SECRET

BUDAPEST, January 24, 1947—noon.

111. In conversation last night with Prime Minister and Foreign Minister¹ former said he did not regard recent conspiracy disclosures

¹ János Gyöngyösi.

as marking new crisis but merely as continuation of crisis induced by Communists as long ago as last September. He said majority party was reaching point where no further concessions could be made. His policy of appeasement in year he has been in office was justified, he felt, because of opportunity it afforded for progress in economic field but he realized such policy could not be continued indefinitely and stand must be made at some point. This stand would probably have to be made on point of Communist attempt to destroy Smallholder majority in National Assembly last bulwark against complete Communist domination already existing in administration.²

Prime Minister was aware of repercussions of continual internal political crisis on international position of Hungary especially with reference to possible outside aid. His position was the more difficult because he "knows" Communist Party enjoys support of Soviet occupation forces.

Gyöngyösi said frankly he did not consider present crisis as the worst Hungary will have to face and he believes much more acute phase of conflict lies ahead.

I am informed from other sources that proposal has been made at Tildy's³ initiative to modify [electoral law?] so as to subject deputies to dismissal from National Assembly at behest of party leaders. Political committee of Smallholders Party, however, is said to see such scheme as opening way for nullification of voters mandates at whim of party leaders and in effect to further Communist encroachment.

Nagy was again in grave and anxious mood. Gyöngyösi pointed out that as govt through appeasement has moved further Left popular masses, especially Peasants have swung increasingly to Right as natural reaction. Rákosi⁴ in speech January 22 uttered thinly veiled threat of mass demonstrations if necessary.

Alluding to announcement of recent credits to Finland by US⁵ Gyöngyösi said it seemed to him no less necessary for western powers to strengthen position of Smallholders in Hungary by active support than it was natural for Soviet Union to support Communists and I suggested that American credits to Finland might have been made

² Throughout January and February, the Hungarian Communist Party demanded the expulsion from the Smallholders Party of those persons purported to be implicated in the alleged conspiracy against the Hungarian State. Telegram 337, March 6, from Budapest, not printed, reported that on February 5, the Smallholders Party expelled 13 party members, including some deputies who were already under arrest or whose parliamentary immunity had already been suspended. An additional four Smallholder deputies resigned at the same time. According to the telegram under reference, these actions reduced Smallholder Party membership in the National Assembly to 202 seats out of a total of 420 (864.00/647).

³ Zoltán Tildy, President of the Hungarian Republic.

⁴ Mátyás Rákosi, Deputy Prime Minister and Secretary General of the Hungarian Communist Party.

⁵ For documentation regarding the extension of credits to Finland, see pp. 256 ff.

without reference to internal political situation there but that continued political agitation in Hungary must have adverse effect on Hungarian prestige abroad.

SCHOENFELD

864.00/1-2047 : Telegram

The Secretary of State to the Legation in Hungary

SECRET URGENT

WASHINGTON, January 24, 1947—6 p. m.

69. Dept concerned development current political situation Hungary urtels 88 Jan 20¹ and previous and desirous taking appropriate steps to forestall apparent Communist efforts diminish strength democratic elements Hungary with view to supplanting democratic regime prior to coming into force peace treaty with probable consequent reduction Soviet military forces. Position this govt remains as set forth last March² when we indicated apprehension lest further concessions to minority Communists by majority group lead to negation peoples' mandate given PriMin's Smallholder party in free elections 1945. It is our view that you should make this attitude clear on appropriate occasions.³

We are conscious importance buttressing US political support of democratic elements Hungary by material economic aid that country and are earnestly endeavoring find ways and means to make such economic assistance available without delay. To date difficulties have arisen as to possible sources of financing such assistance.

Meanwhile your recommendations urgently requested concerning effective steps of a political nature which would contribute toward preventing deterioration situation. In deciding advisability action this nature we feel public statement our continuing interest Hungary might rally popular support in country and strengthen hand of democratic elements. However, there may be factors which would suggest that such statement would only complicate PriMin's position.

MARSHALL

¹ Not printed.

² See telegram 288, March 19, 1946, to Budapest, *Foreign Relations*, 1946, vol. VI, p. 273.

³ On January 15, Hungarian Minister Aladár Szegedy-Maszák conferred with Walworth Barbour, Associate Chief of the Division of Southern European Affairs, on the current political crisis in Hungary. Barbour's memorandum of conversation on the meeting read in part as follows:

"The Minister suggested that a further expression of US interest in maintaining the democratic elements in Hungary would do much to assist the Prime Minister in this most recent crisis. He said he particularly had in mind a reaffirmation of our earlier instructions to Schoenfeld concerning our interest that Nagy not abandon his electoral mandate by concessions to the Communists or an approach through the ACC requesting immediate public trial of those arrested." (864.00/1-1547)

864.00/1-2747 : Telegram

The Minister in Hungary (Schoenfeld) to the Secretary of State

SECRET

URGENT

BUDAPEST, January 27, 1947—9 a. m.

115. 1. When opportunity has offered since last March (Deptel 69, January 24) it has been often stated to Hungarian Prime Minister and others that we view with apprehension continued negation of mandate of voters in November 1945 election. Latest such occasion was January 23 when Prime Minister and Foreign Minister spoke as reported in mytel 111, January 24.

2. It has been clear for long time that if non-Marxists among Hungarian leaders do not find within themselves resources of character and political will to enable them to oppose successfully encroachment of Communist monopoly it is also because they are obsessed by their identification of that minority with Soviet power which they consider irresistible. Mere expression of our concern is therefore unlikely to induce lasting growth of those resources. During latest phase of political crisis my intimations that forthright public statement by Prime Minister on current issues would be salutary in rallying popular support have thus far had no result. At same time I do not doubt that speed of Communist advance in past year has been retarded by our action at various times which has stiffened resistance of Smallholders by making them aware of our constant interest in democratic development in Hungary.

3. It is highly desirable in my opinion that we should give economic aid to Hungary. If such aid is contemplated on restricted scale only, it should be definitely related to Hungarian undertaking to extend proper protection to existing interests of American nationals in this country. If more extensive aid is under consideration, political effect thereof would be increased by our offer if it in connection with general rehabilitation plan. Minister Finance¹ tells me in confidence, he recently submitted to Prime Minister economic plan which he did not describe in detail but which he said had been held up by Communist objections.

4. I see no reason why we should not soon take initiative and announce publicly that we are asking Hungarian Government how best American economic aid can contribute to Hungarian rehabilitation and offering our facilities for that purpose. Such offer should have stabilizing political effect in that Communists would at least be given pause in any scheme they may have for taking over between date of signing peace treaty and departure of occupation forces. This sug-

¹ Miklós (Nicholas) Nyárádi, Hungarian Minister of Finance.

gests best time for proposed announcement will probably be date treaty is signed.

5. Issuance of political statement by Department at this time and without consulting Prime Minister might indeed complicate Nagy's position since statement would have to take some cognizance of alleged conspiracy against Hungarian Republic thereby affording Communists pretext foreclosing our intervention into endorsement of their political offensive against Smallholders. On other hand if we consult Nagy in advance about proposed statement this would become known promptly and he would be exposed to Communist charges of complicity in alleged anti-coalition intrigue with possibility of strong reaction from local representatives who still claim to be disinterested.

6. Procedure by Dept along lines indicated in paragraphs 3 and 4 above seems to me to offer most advantage. It would put emphasis on practical economic aid which Hungary knows US will alone be in position to render. At same time it would avoid direct American involvement in political field and would deprive local Communists and their Soviet masters of any excuse for employing the Soviets practical counter-measures which continue to be available to them in that field.

SCHOENFELD

760F.64/1-1747

The Department of State to the British Embassy

AIDE-MÉMOIRE

The United States Government has for some time been concerned regarding the situation which has arisen between the Czechoslovak and Hungarian Governments over the exchange of populations between the two countries and has carefully considered the British Embassy's *Aide-Mémoire* 247/5/47 of January 17, 1947,¹ which suggests the desirability of the United Kingdom Government, the French Government, the Soviet Government and the United States Government offering to the Czechoslovak and Hungarian Governments a Four-Power Commission for the purpose of supervising the implementation of the Czechoslovak-Hungarian Agreement of February 27, 1946, and of arbitrating where necessary on points of difficulty.²

¹ Not printed.

² The Czechoslovak-Hungarian Agreement under reference had not been carried out and controversy had arisen between the two signatory Governments over the interpretation and execution of its terms and the treatment being accorded to the Hungarian minority in Czechoslovakia. For documentation regarding the concern of the United States over the dispute between Hungary and Czechoslovakia on the question of exchange of populations, see *Foreign Relations*, 1946, vol. VI, pp. 361 ff.

As mentioned by the Embassy, the peace treaty with Hungary contains certain provisions designed to assist toward the solution of the Czechoslovak-Hungarian minority problem.³ In addition there are indications, to which the Embassy also refers, that the Czechoslovak and Hungarian Governments may currently be in the process of reopening discussions with the object of obtaining implementation of the February Agreement between them. Pending the coming into force of the peace treaty and pending the outcome of the direct discussions now apparently contemplated, it is the view of the United States Government that it is inadvisable to consider Four-Power action along the lines suggested by the British Government. The United States Government is further persuaded to this opinion by the previous exchanges of views which took place between the United Kingdom, the Soviet Government and the United States Government in regard to this problem wherein it was the general attitude of the three powers that the difficulties should, if possible, be resolved by direct negotiations between Czechoslovakia and Hungary. The United States Government feels that it is preferable to postpone consideration of Four-Power action until all reasonable possibilities of direct settlement have been exhausted and that the present situation suggests that there are still grounds to hope that direct negotiations may achieve some results.

At the same time, the United States Government, mindful of the difficulties inherent in the situation and desirous of lending its assistance toward the prompt solution of the problem, is prepared, as a step which might expedite action in the matter, to inform the Czechoslovak Ambassador in Washington of the importance which attaches to the early satisfactory resolution of Czechoslovak-Hungarian differences in this connection and to express the hope that the Czechoslovak Government will diligently proceed with discussions with the Hungarian Government to that end. While evidence available is not entirely conclusive, it seems clear to the United States Government that the attitude of the Czechoslovak Government and certain actions of a unilateral nature which it has taken in regard to the Hungarian minority in Czechoslovakia have contributed materially to the difficulties being encountered.

³ The reference here is to article 5 of the Treaty of Peace with Hungary.

The United States Government will be pleased to learn whether the British Government is disposed to express a parallel view to the Czechoslovak Ambassador in London.⁴

WASHINGTON, January 30, 1947.

⁴ In a communication dated March 8, not printed, Peter Solly-Flood, Second Secretary of the British Embassy, informed Walworth Barbour that the Foreign Office had decided for the time being to refrain from seeking Four-Power intervention in the Czechoslovak-Hungarian dispute in view of the possibility that direct negotiations between the two Governments might yet bear fruit. The Foreign Office hoped, however, that the United States would postpone its projected approach to the Czechoslovak Ambassador in Washington. It was the view of the Foreign Office that such an intervention with Czechoslovakia alone would erroneously suggest that Czechoslovakia was primarily to blame for the current dispute (760F.64/3-847).

The United States Government did not, in fact, make any approach to the Czechoslovak Government on this matter. In late May, Czechoslovak and Hungarian negotiators reached agreement on a protocol for the implementation of the Agreement of February 27, 1946.

864.00/2-547 : Telegram

The Minister in Hungary (Schoenfeld) to the Secretary of State

SECRET PRIORITY

BUDAPEST, February 5, 1947—noon.

178. In private meeting last night at Csornoky's¹ residence with Prime Minister, Nagy told me political committee Smallholders had decided on additional expulsions or resignations from party and has approved statement of party program to be published today. Nagy did not specify individuals involved in new purge nor precise details of program. He said, however, this program must form basis of agreement with leftist bloc if coalition govt is to be maintained and he expected it would evoke violent attack from Leftists. Smallholders he said had reached limit of possible concession if party was to meet obligations to Hungarian people who had voted for it in Nov 1945. This responsibility had been imposed in free election here by creating situation in Hungary different from that of neighboring countries among which he mentioned Bulgaria, Rumania and Poland where will of people had been deliberately frustrated. Hungary carried banner represented by leaders of real majority in all those countries and Nagy was keenly aware of this added responsibility.

When I asked why Smallholders had not acted on this conviction as long ago as last March Nagy said at that time peace settlement had not been reached and there was also margin of concessions in internal affairs at disposal of Smallholders for tactical purposes. Peace treaty had now been formulated and further concessions to Leftists by Smallholders were no longer feasible.

¹ Dr. Victor Csornoky, Counselor of the Hungarian Legation in the United States, on leave of absence, and son-in-law of Hungarian President Tildy.

Prime Minister said he had alternatives of negotiating agreed program with Leftists within coalition or of taking his majority party into opposition against a Leftist Govt or else of setting up exclusively Smallholders Govt. Last alternative was not practicable because Leftists could paralyze country by extra-constitutional methods. On other hand Leftist Govt could not function except with consent of Smallholders. He would therefore seek agreement within coalition on Smallholders program but not at price of any reduction in number of Smallholders Cabinet portfolios.

Overshadowing entire problem Nagy said was deliberate purpose of USSR to coordinate Hungary by any means available. He asked me first whether political assistance could be expected from US if necessary to hold off Soviet interference by appropriate instructions to US representative ACC and secondly whether economic assistance from US might be expected. As to first point I said I could not without instructions speak for my Govt's readiness to deal with Soviet Govt directly through ACC or otherwise in this matter to insure hands off policy by USSR. As to second point I said I knew there was keen interest in Hungarian stabilization and that to this end constant attention had been given to possibility of extending economic aid to Hungary within limits of executive authority in US. I asked Nagy to indicate more precisely what he had in mind and he said he would give matter further thought to resume discussion later.

He expressed relief and satisfaction at my assurance US Govt was deeply interested in Hungarian stabilization. When I intimated expediency of adopting bold and candid policy which offered best assurance of gaining public sympathy both within Hungary and in world at large Nagy said he realized this. He said every step now contemplated would be taken with full publicity for that purpose. He expressed personal appreciation of correct attitude of US as contrasted with direct and ruthless methods Soviet Govt felt free to use in Hungarian internal affairs.

It remains to be seen whether Nagy is prepared to precipitate and face strong reaction of Leftist bloc to Smallholders counter-offensive with attendant risk of active Soviet displeasure.

SCHOENFELD

864.50/2-1147 : Telegram

The Secretary of State to the Legation in Hungary

SECRET URGENT

WASHINGTON, February 11, 1947—7 p. m.

126. Dept has now determined possibilities direct economic assistance to Hungary at present as follows :

(1) \$15 million dollar increase in Hungarian surplus property credit can be granted immediately. Property to be purchased with such credit is about to become available in Germany;

(2) cotton credit of \$10 million dollars probably can be arranged within few weeks;

(3) post UNRRA relief grant is to be considered by Congress as matter of urgency and question inclusion Hungary in such grant can probably be determined shortly. (Deptel 74 Jan 25¹).

We have discussed with Hungarian Minister procedures by which announcement US economic assistance can best be made effective in present political situation Hungary (urtel 115 Jan 27 and related messages). It is our view that most advisable course is immediate announcement 15 million dollar surplus property increase to be followed by subsequent announcements cotton credit, post UNRRA relief and any other items which may become possible in meantime. In this manner we will demonstrate continuing interest Hungary. At same time in line urtel 178 Feb 5 suggesting desirability political support democratic forces Hungary we believe announcement surplus property increase provides opportunity reiterate US attitude re political developments.

Dept's immediately following telegram contains text draft announcement sense foregoing.² Please seek immediate opportunity bring Dept's views and draft text attention PriMin informally and invite his comments.³ Unless you advise to contrary in meantime, Dept will release that announcement to press here Feb 15 and you may simultaneously release at Budapest.

MARSHALL

¹ Not printed.

² Telegram 127, February 11, to Budapest, under reference here, is not printed. The text transmitted therein was released to the press on February 15; see the Department of State *Bulletin*, February 23, 1947, p. 341.

³ Minister Schoenfeld met with Prime Minister Nagy on February 13. As reported in telegram 234, February 13, from Budapest, not printed, Nagy expressed deep thanks and appreciation for the American action (864.50/2-1347).

S64.00/2-2247 : Telegram

The Minister in Hungary (Schoenfeld) to the Secretary of State

SECRET URGENT

BUDAPEST, February 22, 1947—5 p. m.

276. Prime Minister asked me to call this afternoon and I had more than an hour's talk with him. He began by saying he might shortly cease to hold office as Prime Minister. He said Smallholders Party was unanimously resolved not to surrender Béla Kovács¹ by waiving his

¹ Only a short time before the events described here, Kovács, a deputy in the Hungarian National Assembly, had resigned his position as Secretary General of the Smallholders Party.

Parliamentary immunity on charges of complicity in the conspiracy. Communist Party was in his opinion equally resolved to insist on such waiver and surrender. This conflict appeared to be irreconcilable and Leftist bloc served notice of intention to withdraw from government if its demands re Kovács were not met.

Incidental to this direct conflict but logically unconnected with it was fact that Soviet Minister ² had told Hungarian Foreign Minister that testimony examined by Soviet military in course of their own investigation of individuals under arrest showed Kovács had been cognizant of espionage activities directed against Soviet forces by certain individuals now under arrest. Prime Minister said he could only explain Pushkin's statement to Gyöngyösi as form of pressure since no mention had ever been made by Hungarian Communists of this alleged espionage involving Kovács. He added that legal writ demanding waiver of Kovács' immunity and surrender likewise failed to refer to any such charge.

In reply to query as to probable next development in political crisis, Nagy said that upon withdrawal of Leftist members from Cabinet, he would be obliged to resign and he doubted whether any new coalition government could thereafter be formed. In that event, it was likely President would be under obligation to determine whether new general election should be held since it was also clear that Leftists would not permit any government of Smallholders majority to function. Beyond saying Smallholders opposed holding election before end of occupation and that he would not take responsibility for holding such election Prime Minister declined to speculate.

Nagy asked me whether in view of threat of Leftists to resort to mass action, US Government was prepared to call on Chairman of ACC³ to take measures to insure maintenance of public order. I said there had not been time to inform my government fully of latest phase of political crisis in Hungary and I was therefore unable to speak officially of your action in hypothetical case mentioned. I said, however, that so long as Hungary remained in armistice status it was manifestly incumbent upon ACC to insure public order. I added that if Hungarian Government has reason to fear disturbance of public order, it should advise Chairman of ACC accordingly and at same time send copies officially to other representatives on ACC of any communication addressed to Chairman on such topic. In this way, US repre-

² Georgi Maksimovich Pushkin.

³ Marshal of the Soviet Union Kliment Yefremovich Voroshilov was Chairman of the Allied Control Commission for Hungary, but throughout 1947, Soviet Lt. Gen. Vladimir Petrovich Sviridov was present as Acting Chairman.

sentative could solicit instructions from his government on basis of official advice from Hungarian Government. Nagy received this statement with evident relief.

SCHOENFELD

864.00/2-2847 : Telegram

The Minister in Hungary (Schoenfeld) to the Secretary of State

SECRET

BUDAPEST, February 28, 1947—1 p. m.

307. In conversation Feb 26 with Gyöngyösi and Pushkin at instance of former as reported by Foreign Minister to Political Committee Smallholders Pushkin told Gyöngyösi he could see no reason for resignation of Cabinet. Re mytels 298 and 301 Feb 26.¹ Momentary consternation resulting from Soviet arrest of Kovács had led to talk in political circles of necessity of resignation of Govt. Gyöngyösi also stated to Political Committee there was no need in Pushkin's opinion for withdrawal of any members of Cabinet in consequence of Kovács' arrest by Russians.

In subsequent confidential conversation with Prime Minister Gyöngyösi told Nagy that he had not reported to Political Committee that Pushkin complained of cool attitude of Smallholders Party towards Russians, blaming certain reactionary elements within party hostile to Soviets. This statement by Pushkin coincides with reported indications from Rákosi to Nagy that harmony of coalition remains endangered by propaganda of anti-Communist Smallholders. Both Prime Minister and other leading Smallholders expect Leftist Parties will make further demands for purge of Smallholders which incidentally seems to have begun with dismissal of Li [apparent omission] Partay as managing editor of Smallholders weekly *Reggel* and his replacement by Ervin Gaspar, Smallholders Left Wing govt member.

In light of analogous and more advanced developments in other Soviet dominated countries in eastern Europe, recent events here so far do justify impression that Soviet authorities remain prepared to intervene directly when necessary to check any serious effort to thwart plans of local Communists. Such effort was manifestly developing over Béla Kovács case under pressure of Smallholders rank and file, what-

¹ Telegram 298, February 26, from Budapest, not printed, reported that Béla Kovács would voluntarily appear for questioning at Hungarian political police headquarters but would refuse to waive parliamentary immunity. This compromise procedure had been approved by the leadership of the Smallholders Party. Telegrams 295 and 301, February 26, from Budapest, neither printed, reported that Kovács had been arrested by Soviet occupation authorities on the charge of having participated in an armed conspiracy against the Soviet Union (864.00/2-2647). The circumstances of the arrest of Kovács are described in Ferenc Nagy, *The Struggle Behind the Iron Curtain* (New York, The Macmillan Company, 1948), p. 369. Kovács was never seen again and died in Soviet captivity.

ever may be thought of wisdom of Smallholders in choosing this particular issue on which to make a stand.

It is increasingly evident that Communists and Soviets intend to so frame their plans that when occupation troops depart difficulty of maintaining Communist control will be minimized. Consequently hope of shaking off sub-control by political methods following occupation is growing dim. It is quite possible that Hungarian people will then face alternatives of violent disturbances amounting perhaps to civil war or on other hand of sullen acceptance of Communist control with decreasing prospects that it can be shaken off and attendant growth of combined anti-Russian, anti-Communist and anti-Semitic feeling which will be fertile ground as opportunity offers for eventual true reaction. Nagy may have had this in mind when he said to me Feb 22 that he feared Hungarian people will have to suffer much more in future.

SCHOENFELD

864.00/3-347 : Telegram

The Secretary of State to the Legation in Hungary ¹

SECRET URGENT

WASHINGTON, March 3, 1947—7 p. m.

210. Soviet arrest Kovács on pretext anti-Soviet activities following refusal Smallholders to waive his Parliamentary immunity appears to us to draw Hung political issue on clear line of Soviet political offensive against duly-elected Hung democratic majority. Soviet direct intervention in support Communist minority appears preclude possible local Hung resolution crisis and, in threatening render impossible functioning democratic processes Hungary, to raise question future exercise by Hung people of democratic sovereign independence envisaged in Peace Treaty. In view frequently pronounced purpose this Govt to assist Hung people toward stable democratic political and economic rehabilitation and in line with obligations to this end assumed by us at Yalta, etc, Dept desires make clear its opposition this Soviet action and as first step suggests three-power examination of situation.

Accordingly, Dept proposes immediate joint US, UK and Soviet examination of matter and requests that communication along lines

¹ This telegram was also sent to London as telegram 1002 and to Moscow as telegram 361. The telegram to Moscow contained the following additional paragraph:

"Personal for the Ambassador from Acheson. We would much have preferred to consult you and obtain your views before asking you to send note of this importance to the Soviet Govt. Unfortunately, the situation in Hungary has moved so rapidly and things have deteriorated to such a point that it was not possible for us to do so. Our information is that the Prime Minister of Hungary may resign in the next day or so unless he receives some indication of support."

set forth in Dept's immediately following tel be addressed at once by Gen Weems to the Chairman of the ACC in Budapest and also be transmitted to the Hung, UK and Soviet Govts by Legation Budapest and Embassies London and Moscow.² It is further proposed to make public here text contained immediately following tel upon receipt reports of delivery in three capitals.

MARSHALL

² Telegram 1477, March 6, from London, not printed, reported that the British Foreign Office had instructed the British Representative in Hungary to inform the Allied Control Commission that the British Government agreed with the United States Government proposal to examine the Kovács case. The British Ambassador in the Soviet Union was to receive similar instructions (864.00/3-647).

864.00/3-347 : Telegram

*The Secretary of State to the Legation in Hungary*¹

RESTRICTED URGENT

WASHINGTON, March 3, 1947—7 p. m.

211. The Government of the United States, in keeping with its undertakings as a signatory of the Yalta Declaration, its responsibility under the Armistice as a participant in the Allied Control Commission for Hungary, and its determination to assist the Hungarian people toward the establishment of democratic independence as envisaged in the peace treaty with Hungary, is impelled at this time to express its feeling of concern at the political crisis which has now been precipitated in Hungary. The pattern of recent political developments in Hungary, appears to threaten the right of the people to live under a Government of their own free choosing, for it involves foreign interference in the domestic affairs of Hungary in support of repeated

¹ This telegram was also sent to the Embassy in London as telegram 1017 and to the Embassy in Moscow as telegram 370. With the change indicated in footnote 3, the communication contained in this telegram was released to the press in Washington on March 6; see Department of State *Bulletin*, March 16, 1947, p. 495. On March 5, this communication was transmitted in notes to the British, Soviet, and Hungarian Governments, and Brig. Gen. George H. Weems transmitted the communication to the Acting Chairman of the Allied Control Commission, Lieutenant General Sviridov, and to the British Representative on the Commission, Maj. Gen. Oliver Pearce Edgecumbe. According to telegram 347, March 6, from Budapest, not printed, in Gen. Weems note, the last paragraph of the communication contained in this telegram was replaced by the following two paragraphs:

"In view of these circumstances, and upon instructions from my Government, I request that the Soviet and British Representatives on the Allied Control Commission immediately join with me in examining the facts of the present situation, including the case of Mr. Béla Kovács and the conspiracy and in making recommendations to the Hungarian Government as to steps which should be taken for an orderly solution. It is proposed that this examination be made in cooperation with the Hungarian Prime Minister, the Minister of Defense, Minister of Interior, Minister of Justice and President of the National Assembly.

"I am instructed to request further that the Soviet authorities take no further measures without prior discussion by all representatives on the Allied Control Commission." (864.00/3-647)

aggressive attempts by Hungarian minority elements to coerce the popularly elected majority.

Unable to achieve their political ends through normal constitutional processes, the Hung Communists together with other members of the Leftists bloc² have endeavored to implicate a number of representatives of the majority Smallholders party in a recently revealed plot against the Republic and, by demanding the withdrawal of Parliamentary immunity from Smallholders deputies, to weaken the Parliamentary position to which that party was duly elected by the Hungarian people. Simultaneously police and administrative authorities responsive to the dictates of these minority elements have utilized their powers of investigation of the conspiracy, not toward the expeditious judicial resolution of a threat against the state, but to conduct a general campaign against their political opponents.

The Soviet High Command has now, by direct intervention, brought the situation in Hungary to a crisis. Following the refusal of the Smallholders Party to countenance the lifting, in connection with the investigation of the conspiracy, of the Parliamentary immunity of Deputy Béla Kovács, until recently Secretary General of the Smallholders Party, Soviet occupation forces have arrested Mr. Kovács.³ The grounds given for that arrest are allegations that he "actively participated in the formation of subversive and anti-Soviet terror groups" and "in organizing espionage directed against the Soviet Union". Despite the importance of this step, this Soviet action has been taken unilaterally without prior discussion with the United States and United Kingdom representatives on the Allied Control Commission. On the basis of its present information the United States Government believes these grounds and the charges are unwarranted.

These developments, in the opinion of the United States Government, constitute an unjustified interference in Hungarian internal

²Telegram 1460, March 5, from London, not printed, reported that British Assistant Under Secretary of State Christopher Frederick Ashton Warner had suggested that the expression "Leftist bloc" be deleted and that some expression like "pro-Communist groups" be used instead. Warner said he made the suggestion because Foreign Secretary Ernest Bevin, acting on the wishes of the Labor Party, was trying in every way to promote relations between the Labor Party and Socialist groups in Hungary and other eastern European countries, and the coupling of Communists and "other members of the Leftist bloc" might not be well received by the British Labor Party (864.00/3-547).

³Telegram 225, March 5, to Budapest, repeated to London and Moscow, not printed, instructed that the first two sentences of this paragraph be corrected to read as follows:

"The Soviet High Command in Hungary has now, by direct intervention, brought the situation to a crisis. Following the refusal of the Smallholders Party to abrogate, in connection with the investigation of the conspiracy, the Parliamentary immunity of Deputy Béla Kovács, until recently Secretary General of the Smallholders Party, Soviet occupation forces have arrested Mr. Kovács." (864.00/3-547)

affairs the effect of which will be to support the efforts of a small group in Hungary to substitute a minority dictatorship for a responsible administration representative of the will of the Hungarian people as expressed in free and untrammelled elections. The US Government is opposed to this attempt to nullify the electoral mandate given by the Hungarian people.

In these circumstances, the United States Government requests that the Soviet and British representatives on the Allied Control Commission be instructed by their respective Governments to join with the United States representative on the Allied Control Commission in examining, in cooperation with the Hungarian Prime Minister, the Minister of Defense, Minister of Interior, Minister of Justice and the President of the National Assembly, the facts of the present situation, including the case of Mr. Kovács, and the conspiracy, and in making recommendations to the Hungarian Government as to steps which should be taken for an orderly solution. The United States Government also requests that the Soviet authorities take no further measures without consulting the United States and United Kingdom representatives on the ACC.⁴

MARSHALL

⁴Prior to revision by John D. Hickerson, Deputy Director of the Office of European Affairs, this concluding portion of the communication had read in draft as follows:

"The United States Government also requests that the Soviet authorities take no further measures without consulting the United States and United Kingdom Governments. In the event that the present crisis cannot be resolved upon this or some other mutually acceptable tripartite basis, the United States Government considers that the resulting situation would be so serious that this Government might deem it necessary to bring the matter to the attention of the United Nations."

[In a letter to Hungarian Prime Minister Nagy dated March 3, Under Secretary of State Acheson gave assurance that the United States Government was giving close attention to the important problems affecting Hungary and was exploring all means of extending further material assistance. The Under Secretary's letter was in reply to a letter of greetings from Prime Minister Nagy dated January 10, which had been delivered to the Department of State on February 19 by Francis Nagy, Jr., who had just arrived in Washington to serve on the staff of the Hungarian Legation. For the texts of the two letters, which were released to the press by Under Secretary Acheson on June 10, see Department of State *Bulletin*, June 22, 1947, page 1217.]

[On March 3, the Legation in Budapest submitted a note to the Hungarian Foreign Ministry concerning the rights of American oil

interests in Hungary and protesting (a) the failure of the Hungarian Government to pay for crude oil deliveries or to permit MAORT (Magyar Amerikai Olajipari Részvénytársaság) to collect amounts owed by the various refineries (b) the failure of the Hungarian Government to reach a satisfactory agreement with producers of petroleum regarding prices and (c) the application of retroactive price reductions (Enclosure to despatch 2722, March 10, from Budapest: 864.6363/3-1047). The protest had no tangible result. On April 16, the Legation in Budapest sent a note to the Hungarian Foreign Ministry protesting the imposition and continued presence of the Hungarian controllers in MAORT (Enclosure to despatch 2943, April 18, from Budapest: 864.6363/4-1847). On June 3, the Hungarian Foreign Ministry informed the Legation that the subject of the controllers had been referred to the competent Hungarian authorities.]

864.00/3-547 : Telegram

The Ambassador in the Soviet Union (Smith) to the Acting Secretary of State

SECRET URGENT

Moscow, March 5, 1947—6 p. m.

659. Personal for Acheson. Because of urgency of matter, I am transmitting at once to Molotov, the Hungarian situation as per your 370 of March 3.¹

Would like to take this opportunity to re-emphasize matter raised last paragraph your 361, March 3,² that from our local viewpoint it would seem desirable in cases of this kind to make haste slowly. To us second paragraph of Dept's note appears vulnerable. From messages we have seen it is clear that some Smallholders deputies actually were directly implicated in plot. It can be expected that Soviet Govt will concentrate fire on this fact and will use it to discredit remainder of our protest which is otherwise extremely well taken.

If I had opportunity to comment, I would have suggested we admit frankly that apparently some deputies were implicated in plot but that other evidence available to us showed clearly that plot was being used by minority group to discredit other innocent deputies and thus undermine and render ineffectual democratic basis of govt.

SMITH

¹ Same as telegram 211, March 3, to Budapest, p. 273.

² Same as telegram 210, March 3, to Budapest, p. 272.

S64.00/3-947

*The Acting Chairman of the Allied Control Commission for Hungary (Sviridov) to the Chief of the United States Representation on the Allied Control Commission (Weems)*¹

[BUDAPEST, March 8, 1947.]

In reply to your letter of March 5 of this year² in which you put forth the point of view of your government in regards to the latest political events in Hungary, I have the honor to inform you of the following:

The democratic regime and the Hungarian Government were threatened by an anti-constitutional and anti-republican conspiracy and not by the minority parties, there being no basis for the accusation that they strive to deprive the Smallholder Party of their legal power and to establish a dictatorship of the minority because they stand on the basis of the Hungarian Constitution.

The existence of an anti-constitutional plot and the threat that it represented the young Hungarian democracy is not denied even by the Smallholder Party itself. Concerning this they have made announcements many times in press as well as in many appearances of their leader Ferenc Nagy. The fact that among the plotters were to be found many representatives of the Smallholder Party and among the Smallholder members of the Parliament is not the fault of the police or the parties of the leftist bloc. The Smallholder Party itself admitted the guilt of these plotters, members of this party, has voluntarily agreed to deprive them of their Parliamentary immunity and to turn them over to the Government. Therefore, your statement, Mr. General, that the minority parties attempted to involve representatives of the Smallholder Party in the plot appears to be without proof and without foundation.

The investigations on the subject of the plot, as is known, have already been completed by the Hungarian authorities and the case of the plotters is at present being investigated by the Independent Democratic Court of the Hungarian Republic. On this basis I cannot agree to your proposal for a mutual investigation of the present situation and the plot because this would appear to be an open intervention into the internal affairs of the Hungarian Republic and a rude violation of the legal rights of the Hungarian Peoples Court.

¹ The source text was contained in telegram 364, March 9, from Budapest, not printed. A copy of General Sviridov's communication was also transmitted to Ambassador Smith in Moscow by the Soviet Government.

² Regarding the letter under reference here, see footnote 1, p. 273.

Your intervention in the case of Béla Kovács I cannot regard otherwise than as an attempt to infringe on the legal rights of the Soviet occupation authorities to defend their armed forces located on Hungarian territory and I, therefore, cannot agree to such intervention on the part of the Government of the USA.

The arrest of Béla Kovács for crimes directed against the Soviet occupation armies cannot be regarded as an intervention on the part of the Soviet occupation authorities into the internal affairs of Hungary.

I am sending this letter simultaneously to the Chief of the British Mission on the ACC for Hungary General Edgecumbe.

864.00/3-947 : Telegram

The Minister in Hungary (Schoenfeld) to the Secretary of State

SECRET

BUDAPEST, March 9, 1947—9 p. m.

URGENT NIACT

365. Soviet note to General Weems¹ was delivered to him about 8 o'clock last night and after being translated was brought to my attention today. General Weems feels and I concur that since Hungarian press has today published both his note March 5 and Soviet reply it is highly desirable to keep public interest alive by prompt answer. I also recall that in Department's telegram 210, March 3, Department indicated *démarche* taken was considered "first step" in procedure contemplated which suggested that further action if any should not be delayed any longer than necessary.

General Weems points out that Sviridov's reply takes no account of following circumstances referred to in American note:

1. Investigation to date of alleged plot has been conducted only by political police which is dominated by Communist Party. Smallholders have endeavored to obtain Parliamentary investigation of conspiracy on inter-party basis ever since alleged involvement of at least six members of Parliament but Communists have successfully resisted this effort (my telegrams 207, February 10; 217, February 11; 222, February 12; 225, February 13 and 298, February 26²).

2. Present Peoples Court now conducting trials is Communist dominated although member of each party is allowed on court (my telegrams 303, February 26 and 325, March 4³).

3. As to announcements by Nagy and other Smallholder leaders re plot as well as waiver of immunity of Smallholder Deputies allegedly implicated in plots, it has been obvious that these statements have been made under circumstances of manifest duress as indicated by fact that Smallholder leaders who disagreed with these statements

¹ *Supra.*

² None printed.

³ Neither printed.

have been systematically eliminated (my telegrams 307, February 28 ⁴ and 321, March 3 ⁵).

4. Although we admit normal arrests by occupation forces not subject to intervention by other powers the fact that Béla Kovács was not arrested by occupation forces until every stratagem by Communist Party to have Kovács' immunity waived and arrest made by political police proved unavailing is significant (my telegram 337, March 6 ⁵).

These points in my opinion are well taken and Department may wish to use them in formulating answer. Unaccustomed haste and timing with which Soviet reply to Weems' note was made suggests awareness of being on defensive in this issue and emphasizes expediency of prompt action by Department in following up advantage. I am bound to add that Hungarian Government is obviously so intimidated by direct and indirect Soviet pressure upon it that inconclusive handling of our controversy with Soviets precipitated by our note March 5 will do nothing to overcome present paralysis of Hungarian Government (my telegram 363, March 8 ⁵) and that in this event we can look for even less cooperation from Nagy than has been given us so far in restoring authority of majority party in this country.

SCHOENFELD

⁴ *Ante*, p. 271.

⁵ Not printed.

740.00119 Council/3-1247 : Telegram

The Acting Secretary of State to the Secretary of State, at Moscow ¹

SECRET

URGENT

WASHINGTON, March 12, 1947—9 p. m.

492. Secdel 1325. For the Secretary. Schoenfeld and Weems feel that since Hung press has published US note Mar 5 ² and Soviet Chairman's reply Mar 8 ³ it is desirable to keep public interest alive by prompt US answer to Sviridov. They add that "unaccustomed haste and timing" ⁴ with which Soviet reply was made suggests Soviet awareness of being on defensive and emphasizes expediency prompt action by US in following up advantage. We concur in desirability expeditious rebuttal Soviet position and accordingly there is quoted below a suggested text of communication we will instruct Budapest to transmit to Soviet ACC Chairman if you approve. As with our earlier note we would make this communication public upon receipt report of

¹ The Secretary of State was at this time in Moscow for the Fourth Session of the Council of Foreign Ministers, March 10–April 24. In telegram 820, Delsec 1302, March 14, from Moscow, not printed, the Secretary of State approved the proposed communication contained in this telegram (740.00119 Council/3-1447).

² See telegram 211, March 3, to Budapest, p. 273, and footnote 1.

³ *Ante*, p. 277.

⁴ The quotation is from telegram 365, March 9, from Budapest, *supra*.

delivery. Copies would also be furnished British and Soviet FonOffs. (urtel 718 Mar 7⁵).

In this draft we are not suggesting further specific action toward solution Hung political situation but merely reiterating previous position and accordance recommendations from Budapest pointing out circumstances in situation not taken into account in Soviet rejection joint investigation. We feel that further steps of positive nature should be taken if possible.⁶

"I have the honor to acknowledge the receipt of your communication of March 8, 1947 in reply to the note which I addressed to you on March 5 concerning political developments in Hungary and, on instructions from my Government, to transmit the following comment of the United States Government thereon.

"The United States Government has carefully considered the Soviet views set forth in your communication. However, it is noted that your letter fails to take account of the following circumstances alluded to in my note of March 5.

"(1) Investigation of the plot against the State has to date been conducted only by Communist-dominated police organs. While the Smallholders Party has endeavored to obtain agreement to a Parliamentary investigation, on an inter-Party basis, of allegations concerning the involvement in the conspiracy of members of the National Assembly, the Communists have declined to accept such a procedure;

"(2) Of four representatives of political parties, who, with a jurist chairman, comprise the people's court, which is now conducting trials of certain individuals alleged to have been involved in this plot, three are representative of parties aligned in a minority bloc as against one representative of the majority Smallholders;

"(3) Concerning the arrest of Béla Kovács, although normal arrests by occupation forces for the purpose of maintaining the security of such forces could not of course be objected to on the grounds of unwarranted intervention, the arrest of Mr. Kovács by the Soviet authorities cannot, on the face of it, be considered of such a nature. It is noted that the arrest was not made until the Hung Communist party had, without avail, resorted to numerous stratagems to obtain the waiver of Mr. Kovács' parliamentary immunity and his arrest by the political police. During that period there was no indication that he might be suspected of activities against the Soviet occupation forces.

⁵ Not printed; it reported the receipt from the Soviet Government of a copy of General Sviridov's communication of March 8 (864.00/3-747).

⁶ In draft, this telegram contained at this point the two following sentences which were excised by the Acting Secretary of State:

"We are considering possibility and advisability recommending to you submission of matter to United Nations Security Council but such action may be difficult particularly in view uncertainty extent to which Hung PriMin will be able to support us in face Soviet pressure. Meanwhile you may wish consider desirability your making further effort obtain Soviet concurrence in tripartite investigation by raising matter in CFM."

"In the circumstances, the United States Government cannot, in the light of all the information available, agree with the interpretation of Hungarian political developments contained in your communication under acknowledgment. It seems clear to the United States Government that minority groups under the leadership of the Hungarian Communist party are attempting to seize power through resort to extra-constitutional tactics. In the opinion of the United States this clearly threatens the continuance of democracy in Hungary. In such a situation, the United States Government considers that the powers signatory to the agreement concluded at Yalta in regard to liberated Europe⁷ are obligated to undertake concerted action to investigate political conditions in Hungary. The need for such consultation and investigation becomes all the more imperative because of the fact that there is disagreement between the Soviet and United States Governments on a matter of so basic importance to Hungary. In my Government's view it cannot be contended that such an investigation would, as you suggest, improperly impair the legal rights of the Hungarian courts nor that my Government's concern with regard to the case of Béla Kovács constitutes an infringement of the right of the Soviet occupation authorities to take reasonable measures for the maintenance of the security of the occupation forces."

ACHESON

⁷ The reference here is to the Declaration on Liberated Europe, included as Part V of the Report of the Crimea Conference, which was issued as a communiqué at the conclusion of the tripartite heads of government meeting at Yalta, February 4-11, 1945. For the text of the Report, see *Foreign Relations, The Conferences at Malta and Yalta, 1945*, p. 968.

864.00/3-1247

Memorandum of Conversation, by the Acting Chief of the Division of Southern European Affairs (Barbour)

SECRET

[WASHINGTON,] March 12, 1947.

The Hungarian Minister¹ called on March 11 by appointment made at his request. Referring to an article which appeared on March 11 in the US press and had originated with John MacCormac² in Budapest, the Minister inquired whether we had any information to confirm the report that the Hungarian Prime Minister had publicly branded as "unfortunate" the US note of March 5 regarding the Hungarian political situation.³ The Minister indicated, if the Hungarian Prime

¹ Aladár Szegedy-Maszák.

² Correspondent for the *New York Times*.

³ Telegram 378, March 11, from Budapest, not printed, which reported on recent political events within Hungary, read in part as follows:

"We are also reliably informed that Nagy, in confidential discussion March 8, Smallholder editors, characterized our note as 'unfortunate' stating that it would have no direct effect on Hungarian politics except to align in the eyes of the Left Bloc the Smallholders 'stiffening' with American note. Nagy also stated Hungary now becoming a focal point in world affairs, and battle will be fought over Hungary by Great Powers without referring to Hungarians." (864.00/3-1147)

Minister proves to be unable to withstand Soviet pressure and is coerced into contradicting the US estimate of the Hungarian situation, the Minister would consider issuing a public statement to the effect that the Hungarian Government could no longer be regarded as a free agent.

I told the Minister that we did not have confirmation of any public statement by the Prime Minister terming our note "unfortunate". I added that, while I appreciate his feelings in the matter, it seems to me that a public announcement that the Hungarian Government is no longer a free agent would be premature at this time. Such action would presumably make it impossible to restore the constitutional position of the Hungarian majority under the Prime Minister's leadership and so long as any hope of such a restoration remains it appears inadvisable to concede that the Prime Minister's authority has disappeared.

The Minister said that he has no means of confidential communication direct with the Prime Minister, his secret messages to the Foreign Office being subject to scrutiny by Communist elements in that Ministry. He inquired whether the Department could make its facilities available to transmit a message from him to the Prime Minister urging fortitude in the present situation. I agreed that I would raise the question of the transmission of such a message with the higher authorities in the Department but I pointed out my own feeling that such a course would involve the risk of a boomerang. We are not absolutely certain of the Prime Minister's strength of purpose nor the course he will pursue under Soviet pressure and if he should inform the Soviets for one reason or another that we were acting as his channel of communication with the Hungarian Minister here, the Soviets would have grounds to charge us with intervention on behalf of the Smallholders similar to their intervention in support of the Communists to which we object.

864.50/3-1447

The Department of State to the Hungarian Legation

MEMORANDUM

The question of economic assistance which might be extended by the United States to Hungary to aid in meeting the most urgent needs for reconstruction has been the subject of several conversations between the Department of State and the Hungarian Legation. The series of eight informal meetings¹ which were arranged between

¹ The meetings were held between January 27 and January 31.

officers of the Department and Mr. Alexander Szász, Financial Counselor of the Hungarian Legation, Mr. Jenő Korányi, Counselor in the Ministry of Commerce, and Mr. Miklós Szongoth, Counselor in the Ministry of Supply, to discuss problems of most immediate interest to the Governments of the United States and Hungary have been concluded. All of the topics on the agenda for these meetings, which included food supplies, credits, post-UNRRA relief, commercial policy, and treatment of American interests in Hungary, have been discussed in detail. Copies of summaries of these meetings, which, it is thought, may be of interest to you and your Government, are enclosed.² These summaries are designed only to indicate the views expressed on the several topics by the various participants and, therefore, should not be considered as committing either of the Governments concerned.

As a result of these discussions certain developments have taken place respecting these matters; their present status is as follows:

1. *Allocations of grain.*

In the course of the discussions, the representatives of the United States indicated that the grain requirements of various countries are approved by the IEFC, which is an international organization. Assurance was given, however, that the request of Hungary for allocations of grain would be given sympathetic consideration by the United States representatives. It is understood that the Executive Committee of the IEFC Cereals Committee has now recognized the following grain import requirements for Hungary: 5,000 tons of wheat seed, 35,000 tons grain or flour for food use and, if available in the United States Zone in Germany, 10,000 tons of barley for seed. 23,000 tons of wheat and flour wheat equivalent have been shipped or programmed as through April.³

2. *Credits.*

The Government of the United States has now extended to the Government of Hungary an additional line of credit of \$15,000,000 for the purchase of surplus property in Europe,⁴ making a total line of credit \$30,000,000. In addition it is understood that negotiations are now taking place between the Hungarian Legation and the Export-Import

² None printed.

³ On March 21, the Department of State issued a statement to the press regarding the decision of the Cereals Committee of the International Emergency Food Council to approve food grain import requirements for Hungary. For the text of the statement, see Department of State *Bulletin*, March 30, 1947, p. 585.

⁴ Regarding the extension of credit to Hungary, see telegram 126, February 11, to Budapest, p. 268.

Bank regarding a credit for the purchase of cotton in the United States.⁵

With respect to a general credit, the United States representatives pointed out that it is not the present policy of the Export-Import Bank to grant general long-term reconstruction credits; it favors instead short-term credits for specific projects. They also suggested that questions regarding credits for projects designed to contribute to Hungary's export potential be discussed directly with the Export-Import Bank.

3. *Post-UNRRA Relief.*

The President has submitted to Congress a request for an appropriation of funds to finance relief purchases, following the liquidation of UNRRA, for those countries in most urgent need.⁶ Until Congress has acted upon this request, it will not be possible to state what action can be taken upon the request of Hungary for such relief, however, the Department of State will be prepared to consider request by the Government of Hungary for relief assistance and to receive all information available respecting Hungary's relief needs.

4. *Transfer of Hungary from the "E" List to the "K" List.*⁷

The Department of Commerce has transferred Hungary from the "E" category to the "K" category effective as of March 12, 1947.

5. *Admission of Hungary as a Member of the IEFEC.*

The IEFEC has acted favorably upon Hungary's application for membership in that body.

6. *Commercial Policy and Treatment of American Interests In Hungary.*

The representatives of Hungary in the course of the discussions agreed to bring to the attention of their Government the views ex-

⁵ On April 3, the Export-Import Bank announced that its Board of Directors had approved a credit of \$7 million to the Hungarian Commercial Bank of Pest and the Hungarian General Credit Bank to finance the purchase of raw cotton in the United States. Agreements between the Export-Import Bank and the two Hungarian banks establishing the line of credit were signed in Washington on April 30. The texts of the two agreements were transmitted to Budapest as enclosures to instruction 900, May 15, not printed (864.515/5-1547).

⁶ President Truman had submitted to Congress on February 21 a recommendation for an appropriation of \$350 million for a program of free relief assistance in the form of basic items such as food, medicine and agricultural items for Italy, Greece, Austria, Hungary, Poland, Trieste, and China. For the text of the President's recommendation, see Department of State *Bulletin*, March 2, 1947, p. 395. The Joint Congressional Resolution for the program, H. J. Resolution 153, entitled "Joint Resolution Providing Relief Assistance to Peoples of Countries Devastated by War", was enacted into law on May 31, 1947; for text, see 61 Stat. (pt. 1) 125.

⁷ Exports from the United States to the country on the Department of Commerce's "E" List valued at more than \$25 required special export licenses. All commodities not in scarce domestic supply could be exported, under general license, to a country on the Department of Commerce's "K" List.

pressed by the American representatives regarding these matters. These views are set forth in greater detail in the minutes for the two meetings on these subjects.

WASHINGTON, March 14, 1947.

Editorial Note

On March 17, Brigadier General Weems, United States Representative on the Allied Control Commission for Hungary, addressed to Lieutenant General Vladimir Petrovich Sviridov, Soviet Acting Chairman of the Commission, a communication concerning recent political developments in Hungary. The communication, the text of which was identical to the draft contained in telegram 492, Secdel 1325, March 12, to Moscow, page 279, was also transmitted to the Soviet, British, and Hungarian Governments. The text of the communication was released to the press in Washington on March 17; see Department of State *Bulletin*, March 30, 1947, page 583.

864.00/3-1947

The Acting Chairman of the Allied Control Commission for Hungary (Sviridov) to the Chief of the United States Representation on the Allied Control Commission (Weems) ¹

[BUDAPEST, March 18, 1947.]

In acknowledging receipt of your letter of 17th March 1947,² I have the honor to inform you that it does not touch upon any issues which are new in principle and which were not answered in my letter of the 8th March.³

Concerning your remarks about the procedure of investigation of the anti-constitutional plot directed against the republic and conducted by the Hungarian police and the process prosecution prior to transmittal of the case to the court, that procedure of investigation is in complete accord with the laws of the Hungarian Republic, which are now in force. Results of the trial of the plotters show in all clarity that the attempts to change the usual procedure of the investigation, through creation of a special parliamentary commission to investigate the plot, were not called for by any necessity, but rather had as their aim to conceal the criminal role of parliamentary deputies of the Independent Party of Smallholders implicated in the plot.

¹ The source text was contained in telegram 449, March 19, from Budapest, not printed.

² Regarding the communication under reference here, see editorial note *supra*.

³ *Ante*, p. 277.

Taking into consideration your remarks concerning the composition of the court, I deem it necessary to draw your attention to the following circumstances:

The court which at the time is considering the case of the plotters has been composed in accordance with the law of the defense of the republic, which was accepted by the National Assembly. Any other composition of such a court would be contrary to the law and therefore would be unconstitutional.

Your remarks concerning the arrest of Béla Kovács by the Soviet occupation authorities caused surprise at once, already I had the opportunity to decline your interference into this case. However, since in spite of that you again returned to this issue, I, solely in order to forestall you from making any further mistake, can inform you that Béla Kovács has fully acknowledged his guilt in crimes committed against the Soviet Army as well as his participation in the plot.

Referring to my letter of 8 March 1947 and considering the above-mentioned information, I do not find it possible to change my attitude to your offer of a mutual investigation of the existing situation in Hungary and of the plot.

864.00/3-2147: Telegram

*The Chief of the United States Representation on the Allied Control Commission for Hungary (Weems) to the Department of State*¹

SECRET

BUDAPEST, March 21, 1947.

Z 4986. See our radio Z 4968.² Second note to Soviet Chairman ACC delivered 1530 March 17³ and US Minister released text to Hungarian press approximately 1730. Hungarian Government officials, including Prime Minister Nagy, Deputy Prime Ministers Rákosi and Szakasits,⁴ Foreign Minister Gyöngyössi,⁵ Minister of Information Mihályfi,⁶

¹ This message was also sent to the War and Navy Departments and to various military commands and officials in Europe concerned with developments in Hungary. The substance of the information contained in this message was reported upon in telegrams 446, March 18, and 448, March 19, from Budapest, neither printed (864.00/3-1847, 3-1947).

² Not printed. It reported upon the difficulties encountered in obtaining publication in Hungary of the American note of March 5 to the Hungarian Government (see footnote 1 to telegram 211, March 3, to Budapest, p. 273). The Soviet authorities on the Allied Control Commission denied they had given instructions to the Hungarian Government to withhold publication of the note, and Hungarian authorities insisted they had been given to understand by Soviet officials that publication should be withheld. The American note and the Soviet reply of March 8 were both released to the press in Hungary on March 8 (864.00/3-1047).

³ Regarding the note under reference, see the editorial note, p. 285.

⁴ Árpád Szakasits was Secretary General of the Social Democratic Party.

⁵ Foreign Minister Gyöngyösi was in the leadership of the Smallholders Party.

⁶ Ernő Mihályfi, a leader in the Smallholders Party, had been appointed Hungarian Minister of Information on March 14.

Béla Varga ⁷ and Count Károlyi ⁸ held immediate interparty conference after which they announced at 1930 that the Hungarian Government did not object to immediate publication of US note. Hungarian press was in process of arranging for publication when a Russian officer, Captain Gruber, contacted the Prime Minister's office at 2000 hours with an oral order from "General Sviridov's deputy" prohibiting publication. Hungarian press then declined to publish.

After some delay, I made arrangements to meet General Sviridov at 1500 March 18 in order to clarify the action of Russian Captain Gruber and to verify Soviet action in suppressing publication of second note. Summary of conference with Sviridov follows:

In answer to my statement of facts given above and request for clarification of Soviet action Sviridov stated that interparty conference was divided as to what should be done concerning publication and that press was divided as to whether to publish immediately. Sviridov stated that no one consulted him about publication as they should have done and therefore he contacted the Prime Minister through Captain Gruber and requested that the Prime Minister await publication of the US note until receipt of Soviet answer.⁹ Sviridov emphasized that this was a request, not an order. Prime Minister then stopped proposed publication by Hungarian press.

I pointed out seriousness of prohibiting publication in Hungary of official US note concerning Hungary which had already been released in Moscow, London and Washington.

Sviridov stated that there was no prohibition, only a request to delay for a day or two until both notes could be published.

I pointed out that there was prohibition from time of release to time of actual publication, and suggested that in cases of official releases the press be allowed to make their own decision as to whether they would publish or not.

Sviridov then stated that Hungarian press was under regulation of Soviet High Command as set out in Article 16 of armistice agreement ¹⁰ and that he as representative of High Command had perfect right to regulate Hungarian press.

I stated it was my government's view that Article 16 did not apply to the Allies. He answered that certain publications such as US Lega-

⁷ President of the Hungarian National Assembly and Vice President of the Smallholders Party.

⁸ Count Michael Károlyi, a Deputy in the Hungarian National Assembly, had served briefly as President of the Hungarian Republic in 1919 and had subsequently been in exile until his return to Hungary in June 1946.

⁹ *Supra.*

¹⁰ The reference here is to the Armistice Agreement between the United States, the Soviet Union, and the United Kingdom, and Hungary, signed at Moscow on January 20, 1945; for text, see Department of State Executive Agreement Series No. 456.

tion *News Bulletin* and some other periodicals were of no concern to him but that Hungarian press was subject to Soviet High Command regulation and source of news makes difference.

In closing I pointed out that US Government supports a free press and views with seriousness the distribution all over the world of the US note and its suppression in Hungary by Soviet action.¹¹

WEEMS

¹¹ In telegrams 458 and 459, March 19, from Budapest, neither printed, Minister Schoenfeld proposed that a protest be sent to the Soviet Government on the matter of the withholding of publication of the American notes to the Hungarian Government. Telegram 307, March 25, to Budapest, not printed, replied to this proposal as follows:

"While we agree Soviet action in delaying publication US notes Mar 5 and 17 arbitrary and without basis under Article 16 of Armistice, we consider that US attitude on matter has been made clear to Soviets by Gen Weems and that formal protest would tend confuse major political issue and is therefore inadvisable." (864.00/3-1947)

864.00/3-2147 : Telegram

The Minister in Hungary (Schoenfeld) to the Secretary of State

SECRET URGENT

BUDAPEST, March 21, 1947—2 p. m.

479. We have assumed that Dept's objectives in despatching March 5 and March 17 notes re Hungarian political situation were: (1) to support democratic development in Hungary as against Communist aggression supported by Soviets, and (2) to make clear US position with regard to such aggression. Concerning these objectives, I am inclined to believe, on basis present indications, that we are achieving our purposes.

Publication of our notes, although accomplished with difficulty, has succeeded in clarifying US position concerning subversion Hungarian democratic institutions to minority power purposes, and should, in combination with action suggested mytels 458 and 459, March 19,¹ provide us with firm foundation vis-à-vis both Hungary and Soviets as regard a future action. As to support for democratic elements, I believe it is now clear that Hungarian Govt as presently composed is unable, and in many cases unwilling, to cooperate effectively at this time in resisting minority pressure. On other hand, masses of non-Marxist population have been unquestionably heartened by our notes, and are beginning again to exert pressure on their leadership which may in long run prove determining factor.

An interparty conference yesterday to consider Leftist demands for Hungarian Govt declaration repudiating contentions our notes

¹ Neither printed, but see footnote 11 above.

decided no such statement would be issued, although Smallholder press may make some adverse editorial comment of our notes. I believe this decision and Foreign Minister's statement to Smallholder deputies prior to conference that he would resign if Smallholders agreed to such declaration, are indications that pressure from below is having effect on Smallholder leaders, and that our action to date has been at least partially successful. I also have impression that, under impact our notes, Communists are proceeding cautiously pending outcome our action.

In view of foregoing, I recommend that we reply briefly to Sviridov's March 18 note along lines that, (1) we regret Soviet refusal to accept our proposals in face of manifest abuse Hungarian constitutional provisions and democratic processes; and (2) before taking any further action in matter, we wish to observe developments in Hungary during immediate future; and (3) in meantime, we renew our request contained in our March 5 note, and in numerous previous communications to Soviet Govt, and which was not touched upon in Soviet reply on March 8 and March 18 that Soviet authorities here be instructed to refrain from unilateral action in matters concerning Hungarian internal political affairs.

This course would, to my mind, have advantage of avoiding involvement in futile wrangling which might weaken our position. At same time, expression of our desire to observe developments during immediate future would serve as notice to Communists that our opposition to their misuse of democratic processes persists, to Smallholders that genuine leadership on their part will have our support in future, to Hungarian public that our interest in Hungarian affairs is maintained, and finally to Soviets that we do not condone their abuse of ACC powers, and that we maintain valid basis for reopening this question should future developments warrant.

If Dept approves this course, Legation would appreciate being enabled to submit proposed text for such note.²

² In telegram 367, April 7, to Budapest, not printed, the Department replied to Minister Schoenfeld's proposals as follows:

"We have given careful consideration to suggestions urtel 479 Mar 21. However, we feel that objectives our notes Mar 5 and 17 have in main been accomplished in that they have re-emphasized US continued interest in Hungary and have assisted in checking deterioration Smallholders majority position. We doubt that third communication along lines you suggest, which would be in essence recapitulation points we have already made, would add to forcefulness those previous representations or that further note necessary at this time as additional expression US interest Hungary. Accordingly, we do not contemplate further action politically in absence subsequent developments. We will, however, continue to press for expeditious extension additional economic assistance." (864.00/4-347)

My British colleague has intimated hope re London 1704, March 18, to Dept, repeated Budapest as 16,³ that I would advise him of my recommendations for future action since British Govt's support of our action is necessarily facilitated by such information received in advance. I will, therefore, apprise him informally of substance of above recommendations, and suggest Dept may wish to act similarly. Thus far, there has been no forthright reference in local press to British notes supporting our position, and local Social Democrats in particular have been correspondingly misled.

Sent Dept, repeated London 51, Moscow 56.

SCHOENFELD

³ Not printed. It reported that British Acting Under Secretary of State Warner had told the American Embassy that the American note of March 17 had caused the Foreign Office some embarrassment. The Foreign Office was not in entire accord with its substance and was concerned as to what could be done if the Soviet authorities again rejected the proposed investigation. The British representative on the Allied Control Commission for Hungary had, however, been instructed to inform Gen. Sviridov that the British Government still favored an investigation (864.00/3-1847).

864.00/3-2147 : Telegram

The Minister in Hungary (Schoenfeld) to the Secretary of State

SECRET URGENT

BUDAPEST, March 21, 1947—7 p. m.

485. Prime Minister called this afternoon at his request. He said he came not in official capacity but on basis of personal friendship to give me account of recent political developments in Hungary. He said first as note March 5 came at extremely critical moment and had powerful effect in making possible inter-party agreement which was achieved immediately afterward. Besides publicly announced inter-party agreement mytel 398, March 12,¹ there is another agreement in writing which has not been announced, and covers following five points:

1. Cessation of terror against non-Leftists. 2. Prohibition against threat or intimidation by responsible govt officials throughout civil service upon their subordinates to change their party affiliation. 3. No attacks in party newspapers on leaders of other parties without previous notice of nature of such attacks including charges. 4. Coalition parties undertake to present united draft with reference to political groups outside coalition. This was motivated, Nagy said, by fact Su-lyok Party had begun to "woo" Communist Party, and was receiving sympathetic hearing. 5. The three other coalition parties undertake to support Smallholders Party in increasing its proportion of civil

¹ The inter-party agreement of March 11 reported upon in the telegram under reference, which is not printed, related to the reconstruction of the Hungarian Cabinet. That agreement is described in Nagy, *The Struggle Behind the Iron Curtain*, pp. 390-391.

servants in those areas of public administration where Smallholders Party is disproportionately represented.

Prime Minister said agreement would probably produce political truce for certain time which, he hoped, would be extended until withdrawal occupation forces. If this result were achieved, Nagy felt, Hungary will have been saved from fate which has befallen Poland, Rumania, Bulgaria and Yugoslavia.

He concluded that, despite powerful pressure, Smallholders Party had stood firm in resisting Leftist demand for official expression by Hungarian Govt regarding American notes (mytel 479, May [March] 21).

He desired to assure me once more that his basic purpose remains to preserve opportunity for Hungarian people to lead free life. In this connection, he declared recent American press comment, especially in *New York Times* and *Herald Tribune* creating impression of cowardice and appeasement on part of Smallholders leadership, and he hoped such press despatches would not diminish goodwill which had been shown Hungary in economic matters by US Govt. He conceived basic issue in this part of Europe was problem of adjusting new "desire for security" in these border countries regardless of their political forms to American concern that these peoples shall be enabled to enjoy free life. On solution of this problem his opinion hinged future of this area.

Sent Dept, repeated London 54, Moscow 58.

SCHOENFELD

Editorial Note

On March 22, the newly appointed Hungarian Minister of Finance, Miklós Nyárádi, departed from Washington following a visit to the United States during which he had discussed economic and financial matters with American officials. Nyárádi arrived in Washington on February 23 on special mission in connection with his duties as Under Secretary of State in the Hungarian Ministry of Finance and Hungarian Restitution Commissioner for Austria and Germany. Following his designation as Minister of Finance on March 17, Nyárádi met with Acting Secretary of State Dean Acheson (on March 17) and with Under Secretary of State William L. Clayton (on March 18) for discussions on restitution problems, and on March 20, Nyárádi met with Assistant Secretary of State Willard Thorp and other officers of the Department of State to discuss outstanding commercial problems existing in relations between the United States and Hungary. The records of these conversations are in Department of State files 864.515/3-1747, 864.51/3-1847 and 864.51/3-2047.

864.00/3-2447

*Memorandum of Conversation, by the Acting Chief of the Division
of Southern European Affairs (Barbour)*

SECRET

[WASHINGTON,] March 24, 1947.

Participants: Lord Inverchapel, The British Ambassador;
Mr. Peter Solly-Flood, Second Secretary of the
Embassy;
Mr. Acheson, Acting Secretary;
Mr. Barbour, SE

The British Ambassador called on Mr. Acheson on March 21 by appointment made at his request. Among other subjects discussed, which are reported separately, the Ambassador raised the question of the situation in Hungary and left the following *Aide-Mémoire*:
“Ref. 420/—47

AIDE-MÉMOIRE

In their *Aide-Mémoire* of the 1st March¹ the State Department expressed the view that the problem of the maintenance of Greek and Turkish independence and territorial integrity is closely related to problems of common concern involving other countries in Europe and Asia. They suggested that informal conversations be entered into in Washington at the earliest possible moment between the United States and British Governments with regard to these problems. In conversation with the British Ambassador on the 8th March Mr. Acheson mentioned Hungary as one of the countries in question.

2. The British Government are giving urgent consideration to the United States Government's proposal and hope to reply to it very shortly. Meanwhile, in view of the urgent nature of the Hungarian question, they wish to suggest immediate discussions on that country without prejudice to their reply to the United States Government's proposal for wider discussions.

3. The British Ambassador is instructed to express the hope that the State Department will explain fully their views concerning the internal situation in Hungary and present and future American action in regard to it in order that the British Government may consider their future policy in the matter and give the State Department their ideas in return, with a view to the coordination of the policies of the two Governments.

WASHINGTON, March 21st, 1947”

In elaboration of the considerations prompting the British to suggest immediate consideration of Hungary, the Ambassador pointed out that the Foreign Office had not been in full accord with certain unspecified points in the latest (March 17) US note to the Soviet

¹ The two *aide-mémoire* of March 1 are printed in the documentation on United States economic and military aid to Greece and Turkey in volume v.

Chairman of the ACC in Budapest and that the Foreign Office would appreciate clarification whether further steps were contemplated by the US in this connection. Mr. Acheson explained that we regretted our inability to confer with the British in advance of delivery of our two notes of March 5 and March 17. In the first instance it was our information that action had to be taken with the greatest urgency if we were to forestall the resignation of the Hungarian Prime Minister. Accordingly, the Secretary approved transmission of the note the day before his departure for Moscow and it was dispatched forthwith.² In the case of the second note, it was necessary to get the Secretary's approval in Moscow and immediately upon receipt of that approval the British were informed.³ As regards further steps under consideration the Ambassador was informed that we had nothing specific in mind at this moment of a political nature but that we were continuing to press for action on a number of economic measures which we hope will assist in stabilizing the position of the Hungarian Government. In this connection reference was made to the implementation of our policy of restitution from Germany and Austria, it being mentioned that 127 tons of silver is to be dispatched from Frankfurt to Budapest without delay. The Ambassador was also informed that we anticipate approval of an Export-Import Bank cotton credit amounting to something over \$6 million within the next week or so and it is our hope that we will be able to satisfy some of Hungary's relief needs under the provisions of the relief appropriation bill which is now being considered by the Congress.

With regard to undertaking further discussions of a general nature concerning Hungary, as referred to in the Ambassador's *Aide-Mémoire*, it was agreed that in the first instance Mr. Solly-Flood and Mr. Barbour would explore possibilities and procedures in that connection.

² See telegram 211, March 3, to Budapest, p. 273.

³ See telegram 492, March 12, to Moscow, and footnote 1 thereto, p. 279.

800.515 BWA/4-247 : Telegram

The Minister in Hungary (Schoenfeld) to the Secretary of State

SECRET

BUDAPEST, April 2, 1947—5 p. m.

558. Prime Minister today (my telegram 555 April 2¹) mentioned that Finance Minister Nyárády recently arrived had reported to him

¹ The telegram under reference here is not printed, but its substance is described in the memorandum of conversation by McKisson, April 15, p. 295.

concerning his negotiations in Washington. (Deptel 293 March 21 ²) Nyárády had informed him that at one point recent crisis it was feared in Washington that resistance of representatives of bourgeois way of life in Hungary might suddenly collapse yielding entire field to Communists. Nagy stated he considered it important to mention these observations of Nyárády since he felt that this view may have been shared in part at least by official American circles. Prime Minister stated that up to month ago areas of great power interest did not appear to be clearly defined and consequently representatives of bourgeois concept in Hungary did not feel they could afford risking sharp internal cleavage and its consequences since they could not be certain that all interested great powers would demonstrate appropriate active concern in such event. There was never real inclination to surrender to Communists and there would be even less in future, more particularly since situation had now changed completely.

It was generally felt Nagy stated, that period in which free peoples like Poles and Yugos could be effectively submerged had definitely ended and that areas of great power interest were now more clearly defined. Hence there would be no new election in Hungary. In fact he said Smallholders now occupy number of important posts in administrative offices of nationalized industries originally established by Leftists. He regretted that secret [contents?] (remytel 485 March 21) of recently concluded inter-party agreement could not be brought publicly to attention of US Government.

Prime Minister added he felt confident that if ratification of peace treaty is speedily concluded ³ and Hungary is admitted to UN at earliest possible opportunity Hungary would remain "a factor which could be counted upon in every respect". Nagy concluded he worried only by possibility that Moscow conference ⁴ would end without substantial agreement. Should that happen he feared Soviets would be tempted to show their strength in border areas and this might stimulate activity in Hungary which would prove unpleasant.

SCHOENFELD

² Not printed; it summarized the principle points taken up in the Department's conversation with Hungarian Finance Minister Nyárády at the conclusion of his recent visit to Washington (740.00119 EW/3-2247).

³ Ratifications of the Treaty of Peace with Hungary were deposited in Moscow on September 12.

⁴ The reference here is to the Fourth Session of the Council of Foreign Ministers, in Moscow, March 10-April 24. For documentation on these meetings, see volume II.

864.00/4-1447 : Telegram

The Minister in Hungary (Schoenfeld) to the Secretary of State

SECRET

BUDAPEST, April 14, 1947—10 a. m.

608. In conversation April 12 with President Tildy he said he expects new political crisis in Hungary within next month or two. When I asked what form crisis would take he gave no indication beyond saying Communist Party would doubtless find some pretext for this purpose. He said it had been definite intention of Communists to force holding new general election this spring but this had been frustrated by Am notes delivered last month which had been effective in preventing achievement Communist aims at that time.

Tildy reminded me of difficulty Americans have in understanding that at time of November 1945 national election here as well as before and since true power relationship between various political parties has involved practical domination by Communists through Soviet control of country and support of minority. Election did not serve in practice to change this state of affairs but afforded non-Marxists opportunity to stem trend toward outright and admitted control by Communists pending restoration of Hungary autonomy when occupation terminates. Success of policy of braking trend and hope of recovering control for majority would continue to depend on American action. Meanwhile it remained true that from Soviet standpoint Hungary is conspicuous as only country between Baltic and Trieste which has not been fully coordinated to Soviet pattern. Tildy gave me to understand this intensifies Soviet determination to accomplish their purposes here. Tildy seems to expect great and increasing difficulties especially if CFM meeting in Moscow results in no settlement of Austrian problem.

SCHOENFELD.

501.AA/4-1547

Memorandum of Conversation, by Robert M. McKisson of the Division of Southern European Affairs

SECRET

[WASHINGTON,] April 15, 1947.

Participants: The Hungarian Minister, Aladár Szegedy-Maszák;
Mr. Barbour and Mr. McKisson, SE.

During a visit to this office this afternoon, the Hungarian Minister stated that he had received instructions from his Government to present a formal application to the United Nations for Hungarian membership in that organization. The Minister said that he had been surprised to receive this instruction since he had assumed that Hungary would

not apply for admission to the UN until after the ratification of the Peace Treaty. He added that he would appreciate an expression of the Department's views regarding this proposed step.

Mr. Barbour explained that the Department was familiar with the background of this matter and, as a matter of fact, had recently instructed the American Minister in Budapest to inform the Prime Minister that this Government deemed it desirable that Hungary submit such an application at an early date without awaiting the ratification of the Treaty of Peace. He then summarized for the Minister Deptel 331 of March 28 to Budapest, which contained the Department's instructions to the Legation in this connection, and also informed the Minister of the substance of Budapest's 555 of April 2 in which it was reported that the Prime Minister had thanked Mr. Schoenfeld for the Department's interest in a Hungarian application to UN and indicated that he would discuss the matter with the Foreign Minister and determine whether it should be taken up at the next Cabinet meeting.¹

The Hungarian Minister said he was happy to have this background information and inquired whether he might be advised by the appropriate division of the Department concerning the proper form in which the Hungarian application should be presented to the UN. Mr. Barbour said that he would undertake to find out whom the Minister might appropriately consult regarding this question.²

¹ Neither of the telegrams under reference here have been printed (800.515-BWA/2-2647, 4-247). In a note dated April 18, a copy of which was transmitted to the Department as an enclosure to despatch 2971, April 23, from Budapest, neither printed, the Hungarian Foreign Minister advised Minister Schoenfeld that the Hungarian Cabinet had decided, on April 10, to apply for admission to the United Nations and solicited the support of the United States for this application (501.AA/4-2347).

² A handwritten notation on the source text by McKisson indicates that Minister Szegedy-Maszák called again at the Department on April 17 and was apprised of the methods for making application for membership to the United Nations. Telegram 468, May 1, to Budapest, not printed, stated that an application for Hungarian membership in the United Nations had been submitted by Szegedy-Maszák in a letter of April 22 to the UN Secretary General (800.515-BWA/5-147).

864.50/4-2847: Telegram

The Minister in Hungary (Schoenfeld) to the Secretary of State

SECRET

BUDAPEST, April 28, 1947—11 a. m.

695. According to translation in my possession of top secret note dated March 26 from Soviet Minister to Hungarian Government, Soviet Government demands repayment of three loans totalling 850 million pengö from Soviet Government to Hungary in 1945. Note says Governments agreed after war to fix dates and conditions of repay-

ment and Soviet Government deems it desirable loans should be repaid this year in forint by converting pengö into forint through dollar at rate of May 2, 1945 when dollar was quoted at 280 pengö thus making amount to be paid Soviet Union 3,035,700 US dollars equivalent to 35.6 million forint.

This secret demand coupled with recent secret demand by Soviets on Hungarian Government to pay Soviet's alleged Hungarian debts to German creditors, see Legation's despatch 2697, March 5¹ in amount of 1600 million forint² as well as ruthless pressure recently exerted on Hungarian General Credit Bank (Legation's despatch 2994, April 25¹) to permit conversion of minority Soviets bank holdings into control through forced sale of Hungarian held share strongly suggest pattern of retaliation upon Hungary for accepting American economic aid and intentions to make such aid entirely ineffective. They also suggest increased difficulty of collecting American and other war claims by reducing Hungarian capacity to pay.

Loans of 850 million pengö first above-mentioned represented Hungarian currency seized as war booty in 1945 by Soviet troops at branches of Hungarian National Bank and in private banks in Hungary.

SCHOENFELD

¹ Not printed.

² On May 14, Hungarian Minister Szegedy-Maszák called on Acting Chief of the Division of Southern European Affairs Barbour to discuss the Soviet demands under reference here. Szegedy-Maszák suggested that the United States authorize the American Legation in Budapest to make clear to the Hungarian Government that the United States did not accept the Soviet interpretation of German assets. Barbour promised to take the matter under consideration. (Memorandum of conversation by Barbour, May 15, 1947: 740.00119 EW/5-1547)

864.00/5-1347: Telegram

The Minister in Hungary (Schoenfeld) to the Secretary of State

SECRET PRIORITY

BUDAPEST, May 13, 1947—6 p. m.

791. I called on PriMin Nagy today in view of his departure tomorrow for vacation in Switzerland and my forthcoming departure June first¹ prior to his expected return. He took this occasion to thank me on behalf of Hungarian people for all that US has done for Hungary.

He said that to inexperienced observer political trends in Hungary since liberation might have suggested that Smallholders have no comprehensive strategy and were systematically surrendering power and

¹ Minister Schoenfeld relinquished charge of the Legation on May 31 to Donald F. Bigelow, Counselor of Legation, and departed from Budapest on June 1. Selden Chapin, the appointed Minister to Hungary, assumed charge of the Legation on July 8.

yielding ground to Communists. During this difficult period US might have taken less sympathetic view of political developments in Hungary which could easily have given rise to demands precipitating most serious crises. This would have been embarrassing and difficult for Hungarian Govt and for Nagy himself. He pointed out US Govt, however, has shown great understanding and generosity towards Hungary and graciously attributed this to my judgment concerning significance of Hungarian political developments and my appreciation of Small-holder efforts to establish genuine democracy in Hungary. For this he added overwhelming majority of Hungarians and he personally are especially grateful to US Govt and to me.

PriMin continued he hopes that following ratification of treaty, assumption of full Hungarian sovereignty, withdrawal of occupation troops and membership in UN, Hungarian Govt would more successfully represent natural wishes and desires of vast majority of people. Certain necessary changes would then have to be made including elimination of revolutionary institutions such as committees of Civil Service legitimation and Peoples Court; holding of elections by autonomous bodies; increasing scope for parliamentary govt as determined by national election and return to constitutional practices. He hoped these changes might be effected peacefully without evoking civil strife. It must be understood, he added, that since liberation large numbers of Hungarian individuals and groups have been neglected, discriminated against and humiliated. Many such persons see opportunity for revenge following withdrawal of occupation troops. Nagy stated, however, that he is anxious that even symptoms of internal disorder and civil war be prevented.

I inquired whether possibility exists that present seeming truce in Hungarian political life may be broken and, if so, when. Nagy stated that crisis might develop around two current issues, namely, Hungarian foreign policy and nationalization of the three great banks. He added firmly that Communist offensive on each of these issues would be repelled possibly amid considerable tension. He indicated no date for new crisis but his proposed absence for some weeks suggests it will not be precipitated pending his return to Budapest.

I inquired whether there were any new developments in Hungarian-Soviet relations. Nagy replied these relations are correct but there are indications Soviets are dissatisfied with policy of Hungarian Govt and this he considered unfortunate since it coincides in time with pending economic negotiations arising from Potsdam decision relating to Hungary.

I inquired further whether PriMin subscribed to view held by some observers that strain in Hungarian-Soviet relations was caused in part

at least by efforts of Hungarian Govt to maintain economic ties with US. Nagy agreed this was unquestionably so and added it would be unrealistic for Hungary to sever economic ties with US which given so much merely for benefit of USSR which only takes. Intimating that certain circles seem to think that strained Hungarian-Soviet relations particularly in economic matters could be removed if Hungarian Govt were to give assurances that Hungary renounces all economic ties with US, I asked for his view on this. Nagy replied this was precisely what Smallholders were unwilling to do adding that although Hungary could exist without western economic ties these ties were necessary if Hungary is to achieve reconstruction and development. Hungary, he said, [did] not intend to renounce such possibilities.

I suggested that present phase in great power relations was widely interpreted as significant of inevitable conflict between economic systems of US and USSR and that local Communists seemed to consider present lack of agreement between Soviets and US as permanent. I added, however, that there were increasing signs that rehabilitation of European and of Soviet economy itself would not be effected without aid of those able to contribute effectively to that rehabilitation. Hence I added as economic pressures are brought to bear on Hungary he might be called upon in future to assess basic political trends and it would be tragic if Hungary were to give up its freedom of action and all possibility of maneuver on an assumption which future events may belie. He assented to this intimation and reiterated in conclusion his appreciation of our understanding attitude.

SCHOENFELD

864.00/5-2947 : Telegram

The Minister in Hungary (Schoenfeld) to the Secretary of State

SECRET

BUDAPEST, May 29, 1947—2 p. m.¹

899. Communiqué reported in mytel 893 today² has caused less consternation in political circles than the story behind it and rumors

¹ Due to a delay in transmission, this telegram was not received in the Department of State until June 2, 3:28 p. m.

² Not printed; it transmitted the following communiqué issued by the Hungarian Government on the evening of May 28:

"Extraordinary Cabinet council was held Wednesday night, Deputy Prime Minister Rákosi presiding over session. Cabinet council discussed a note delivered by Chairman of ACC, General Sviridov. Note states that Prime Minister Ferenc Nagy's request to hand over Béla Kovács to Hungarian authorities cannot be fulfilled because competent Soviet authorities have not yet finished investigation. However, the General places evidence given by Béla Kovács and by witnesses heard in his case at disposal of Hungarian Government for purpose of using them at trial of participating anti-Republic conspiracy. Cabinet council decided to ask Prime Minister Ferenc Nagy to interrupt his vacation and return home." (864.00/5-2947)

connected with it. President National Assembly told me this morning he had spoken with Prime Minister Nagy at Lucerne, Switzerland during last night and Prime Minister was returning to Budapest immediately, probably arriving tomorrow. Varga said alarming rumors were in circulation in political circles including rumors that Prime Minister would be obliged to resign because Kovács' testimony implicates him in alleged conspiracy and that Nagy might be later arrested along with Varga himself, Foreign Minister Gyöngyösi and other leading Smallholders. Prime Minister's personal secretary, Dr. Kapocs, had been arrested last night by political police and all files of Prime Minister's office seized.

I asked Varga when Prime Minister Nagy had requested surrender of Béla Kovács to Hungarian authorities and he answered he did not know precisely but he believed it had been personal request by Nagy to Sviridov as long as 2 months ago. Varga added that according to reliable information Béla Kovács was in exceedingly bad nervous condition, intimating this was result of treatment he had received during Soviet imprisonment. He gave me to understand that in these circumstances testimony given by Kovács, to which reference is made in communiqué reported in mytel 893 today, could hardly prove that Kovács was any more guilty of "conspiracy" than Varga himself would be or other leading Smallholders.

In my conversation with Deputy Prime Minister Rákosi this morning he made no allusion to communiqué or latest point development beyond saying that traditional forces of reaction were still "very tough" in Hungary and were unwilling to "surrender". He seemed to be preoccupied but unwilling to discuss situation in detail.

Speculation in political circles is that culminating phase of Communist offensive will now begin for decision of question of control of this country's power to end of occupation. Whether this view is correct remains to be seen. Szakasits last night stated to my informant that new national election could not be avoided but that it would be "clean and unfettered".

Dept please repeat to Moscow as 94.

SCHOENFELD

864.5034/5-1347 : Telegram

The Secretary of State to the Legation in Hungary

SECRET

WASHINGTON, May 29, 1947—8 p. m.

583. In general, US attitude toward nationalization programs in foreign countries is that such measures fall within national jurisdiction govt concerned. In so far as nationalization may be extended US properties in foreign states, this Govt would insist prompt, adequate

and effective compensation US owners. US would maintain, further, that nationalization cannot substantively alter existing obligations to US Govt or US nationals on part foreign govt or its nationals and that such obligations must be duly discharged.

Dept feels, however, that foregoing considerations have no clear application as basis US representations in connection proposed nationalization Hung banks (urtel 780 May 12¹), since in present case (1) compensable US interests are minor and (2) there is no evidence that nationalization of Hung banks per se would directly result any adverse change Hung attitude toward obligations to US. In this connection, US extended cotton credits Czechoslovakia and other countries which had already nationalized sectors their economy. Moreover, as Hung Govt is guarantor recent US cotton credit, complete Govt control presumably would not prejudice guarantee. Any US threat, express or implied, to withhold relief if nationalization takes place deemed inadvisable as being more hurtful than helpful democratic cause Hung. Possibility must also be considered that formal US representations, especially if based on weak ground, might precipitate new political crisis (urtel 791 May 13¹) at most inopportune time.

In light foregoing, Dept believes any US action present situation must be of limited and informal character and suggests salient point to be made in circumstances is that proposed nationalization would inevitably extend and consolidate control exercised by pro-Soviet elements over Hung economy and bind Hungary more closely to Soviet Union—a development counter to will majority Hung people.

Dept accordingly requests that, in your discretion, you approach FonMin informally indicating US concern over effects nationalization along lines preceding paragraph. You should add that US general attitude concerning nationalization (para 1) holds only on condition all foreign enterprises nationalized without discrimination. Please report any efforts Soviets to avoid nationalization German assets which give Soviets interest in banks.

MARSHALL

¹ Not printed.

864.00/6-147: Telegram

The Minister in Switzerland (Harrison) to the Secretary of State

SECRET NIACT

BERN, June 1, 1947—7 p. m.

497. Legation officer¹ saw Nagy this afternoon compliance Deptel 703, May 31.² Nagy confirmed resignation but will release resignation

¹ Francis Deak, Civil Air Attaché at the Legation in Bern.

² On the evening of May 30, the Hungarian Telegraph Agency carried a report
Footnote continued on following page.

letter only upon arrival his younger son at Buchs expected June 2, noon.³ Letter then to be taken to Budapest by Communist secretary Hungarian Legation, Bern. Following background is summary resignation development:⁴

Nagy came to Switzerland for holiday May 14 according to plans announced Tildy and Hungarian Government day following conclusion March 11 inter-party agreement ending 6 months crisis. He never thought of going into exile proved by leaving son in Hungary. Before departure he requested Russians to release Kovács to Hungarian authorities.⁵ On May 28 he was advised in Locarno Soviets denied request on ground investigation incomplete but confessions by Kovács allegedly implicating Nagy were made available. Nagy was urged to return at once Hungary by Tildy, Gyöngyösi and Balogh⁶ and Nagy agreed. May 29 morning just before leaving for border Gordon, Hungarian Minister Bern, advised Nagy of Gyongyosi's telephoned suggestion under no condition leave Switzerland, but await Mihályfy being sent at once. Upon Gordon's inquiry Tildy stated his concurrence in this suggestion whereupon Nagy came to Bern. May 30, 5 a.m. Balogh phoned Smallholders Political Commission suggested Nagy inform Tildy from Switzerland of his resignation in interest of political peace and assist democratic evolution even though innocent. Gordon asked Balogh whether Nagy could safely return Budapest received evasive answer. May 30, noon, Rákosi phoned Gordon demanding immediate settlement crisis. Afternoon Nagy telephoned Balogh he

Footnote continued from previous page.

that Prime Minister Nagy had gone to the Hungarian Legation in Bern and resigned. There was widespread coverage in the Swiss press on May 31 regarding Nagy's alleged resignation. Telegram 703, May 31, to Bern, not printed, requested that an account of Nagy's resignation be obtained from Nagy himself (864.00/5-3147).

³ A copy of Prime Minister Nagy's official letter of resignation, dated June 1, was transmitted as an enclosure to despatch 15194, June 4, from Bern, neither printed (864.00/6-447). On June 1, Lajos Dinnyés was named the new Prime Minister of Hungary. Dinnyés, a member of the Smallholders Party, had been Minister of Defense since March.

⁴ Additional details of Attaché Deak's conversation with Nagy were set forth in a report of June 2, transmitted to the Department as an enclosure to despatch 15186, June 3, from Bern, neither printed (864.00/6-347). Nagy described the circumstances attending his resignation in still greater detail in a statement to Department of State officers, dated June 22, not printed (864.00B/7-3147). For his own published account of these events, see Nagy, *The Struggle Behind the Iron Curtain*, pp. 409-426.

⁵ According to telegram 905, May 31, noon, from Budapest, not printed, Hungarian Foreign Minister Gyöngyösi told Minister Schoenfeld that Nagy's request for the surrender of Kovács had been made following an intimation by Soviet authorities that such a request would be favorably regarded (864.00/5-3147).

⁶ István Balogh, State Secretary in the Hungarian Prime Minister's Office and Acting Secretary General of the Smallholders Party.

unaware nature accusations but whatever they may be they are groundless. However he does not wish hinder solution crisis and resigns as Premier on certain conditions. Nagy emphasized no parliamentary action but conspiracy Russian occupation authorities and local Communists forced his resignation.⁷

Nagy informed by Legation officer Hungarian situation under urgent study by Department.

Nagy plans remain Nyon, Switzerland for time being due repeated warnings from friends in Budapest in last 24 hours. Is practically without funds. Upon application asylum Swiss Government official emphasized consideration is conditioned upon his solemn promise absolutely to refrain from political activities and pronouncements whatever while here. Nagy stated his future plans depend on whether he forced remain in Switzerland indefinitely and "keep his mouth shut" or whether he will be given opportunity go to US or another non-neutral free country where he can freely tell what Soviets and Communists have been doing in Hungary during his year and half premiership.

Gordon told Legation officer he was requested last night by Rákosi (without Tildy's knowledge) to return Budapest at once "for consultation", that he will not obey such instruction and so informed Tildy.⁸

Foregoing given in strictest confidence since slightest indiscretion could be expected result in immediate expulsion of both Nagy and Gordon from Switzerland and their forced return to Hungary where their safety would be obviously in jeopardy.

This message not repeated Budapest.

HARRISON

⁷ Deak's supplementary report on his conversation with Nagy, dated June 2, (see footnote 4 above) adds the following additional information on this point:

"Nagy believes that the whole crisis was carefully plotted and timed between Sviridov, Pushkin and Rákosi. According to him, the Russians and the Communists knew at the time of his departure from Hungary he being 'implicated' through Kovács' 'confessions' but they did allow him to depart for two reasons: (a) in anticipation of Minister Schoenfeld's imminent departure which—so his enemies figured—would handicap prompt intervention on the part of the U.S.; (b) as a matter of strategy—namely, they were fearful of possible reaction to a repetition of the Kovács affair (e.g. Nagy's arrest) and figured that Nagy being out of Hungary, they could manipulate the press according to their own taste and make it appear that Nagy 'escaped'." (864.00/6-347)

⁸ On June 4, Minister Gordon announced that he would no longer accept instructions from the Hungarian Government as it was not representative of the Hungarian people.

864.00/6-247

*The Hungarian Minister (Szegedy-Maszák) to the Secretary of State*¹

WASHINGTON, June 2, 1947.

MR. SECRETARY: The evolution in post-war Hungary has reached its decisive stage. After a short period of relative calm, following the interparty truce of March 12 and the two Notes of the American Government, the occupying Power and its Communist agents have resumed their aggression against the economic status of the country and the remnants of the duly elected Government. As a consequence, the economic and political future of Hungary as an independent State is at stake.

The main aims of the economic offensive are :

1) To extend the Russian grip on the capital assets of the country through an arbitrary and fallacious interpretation of the decisions of the Potsdam Conference on German assets in Hungary.

2) To achieve the economic enslavement of Hungary and her complete integration into the Russian economic system by imposing a new "trade agreement" which would force Hungary to direct practically all her exports towards Russia. If carried out, this would mean the establishment of a Russian industrial colony in Hungary on the traditional pattern of exploitation: In exchange for very expensive raw materials delivered by Russia, Hungary will be forced to deliver cheap manufactured goods. The working of this system is illustrated by the fact that in the current fiscal year 1946/47 the trade with Russia has to be subsidized by the Hungarian taxpayer by a sum amounting to 16 million dollars. The burdens of the unfair and arbitrary price level for goods delivered as reparation are well known; they are increased to an unbearable extent by the costs of occupation. Roughly

¹ The Hungarian Minister called at the Department of State on June 3 to deliver this note as well as a third person note also dated June 2, which stated that he did not consider the current Hungarian Government a free agent and that he would refuse to accept or carry out any orders or instructions of that government. In a memorandum to Under Secretary of State Acheson, dated June 4, not printed, Acting Chief of the Division of Southern European Affairs Barbour reported in part as follows on Szegedy-Maszák's presentation of this second note:

"In presenting this note to the Department the Minister stated orally that he has been ordered by the new Hungarian Government to return to Budapest for consultation but that he does not propose to do so. He added that since he does not consider the present Government a lawfully constituted Government of Hungary he does not intend to submit his resignation to that Government but rather will merely withdraw from the Legation, together with most of the members of his staff, and will turn over the Legation's business to Counselor [Paul] Marik informally. He inquired whether he could count on the benevolence of the United States to permit him to remain in this country with his staff members and expressed the hope that he could continue to maintain contact with the Department." (864.00/6-247)

On June 4, Szegedy-Maszák and three members of his diplomatic staff—Financial Counselor Alexander Szász, Press Counselor Stephen Borsody, and Francis Nagy, Jr.—issued a statement to the press declaring their unwillingness to recognize the legality of the new Hungarian Government; for the text, see the *New York Times*, June 5, 1947.

40% of the total expenditures of the Hungarian budget are being spent for reparations, costs of occupation and subsidies for the Russo-Hungarian trade. In such circumstances it is only obvious that after an unprecedented inflation and untold sacrifices to stabilize their currency, the Hungarian people are again facing the danger of inflation.

3) To achieve an exclusive Communist control of the Hungarian Economy by enforcing a program of nationalization which goes much further than justified. The nationalization of additional industries and banking institutions could not be motivated by economic or social considerations, but only by the ruthless quest for power of the aggressive Communist minority. Nationalization does not aim at the reduction of prices or improvement of working conditions, but only and exclusively at the conquest of new key positions from which to complete domination over this reluctant and fiercely individualistic people.

The political plight of the only country in the exclusive Russian zone of occupation which lived up to its obligations under the Yalta Agreement, was clearly exposed in the communications of March 6 and March 17, addressed by American Brigadier General George H. Weems to the Soviet Acting Chairman of the Allied Control Commission for Hungary.

The new developments, however, have been precipitated by an even more direct interference of the Soviet Union in the domestic affairs of Hungary. They were preceded by sharp discussions on the problem of nationalization and on issues of foreign policy, but the decisive stage was reached only when the Russians, in an official move, accused Prime Minister Nagy, Foreign Minister Gyöngyösi,² and President of the National Assembly, Rev. Béla Varga,³ with complicity in the so called conspiracy. The basis of this charge was an alleged deposition by Béla Kovács, former secretary general of the Smallholders Party, arrested by the Soviet authorities on February 26.

I am not in a position to say that Béla Kovács did not sign this deposition. As a former prisoner of the German Gestapo and inmate of the Dachau Concentration Camp I do know however, that people under pressure can be induced to sign almost anything, especially if they are denied the basic human right to an eventual fair and open trial. And the Soviet authorities have denied Béla Kovács even the chance of being tried by the left-wing dominated Hungarian People's Court.

Hungary is therefore at present on the verge of being engulfed by Russian and Communist expansion. In spite of the silent but stubborn struggle to establish and maintain free democratic institutions, Hungary is facing subjugation by large occupation army, by a perma-

² Gyöngyösi was not included in the Hungarian Cabinet formed by Dinnyés on June 1.

³ Varga fled from Hungary on June 2.

ment drain on an impoverished economy, and by a small minority, which is not only in control of the police, but has armed its own followers as well.

A victim of totalitarian aggression, Hungary is a test case whether a defeated small country, having shown its choice in free and unfettered elections, is to be allowed to have free institutions, representative government, and freedom from political oppression,—or has to live again in the humiliating and abject status of a satellite of the powerful totalitarian neighbor.

The present legal status of Hungary is established by the Armistice Agreement. The United States is a signatory to this Agreement and a member of the Allied Control Commission, the supreme authority in Hungary. The United States is furthermore signatory to the Yalta Agreement, which laid the foundations for the political and economic reconstruction of liberated Europe. Finally, the United States is a permanent member of the Security Council of the United Nations.

The continued and violent interference of the Soviet Union which led to the recent developments in Hungary, is an aggression against the Hungarian People as represented by the duly elected majority in the National Assembly and an unequivocal violation of all the pledges contained in the Armistice Agreement, the Yalta Agreement and the Charter of the United Nations. It would seem therefore that this manifest breach of freely entered agreements is of the concern of the United States.

The People of Hungary greeted with enthusiasm and gratitude the generous principles enounced by the President of the United States in his speech on March 12, 1947.⁴ Living under the oppressive abuses of the occupation Army and under the terror of the armed Communist minority, Hungary is not a free country and the Hungarian Government is not a free agent any longer. Hungary is therefore not in a position to protest and to resist the oppression by overwhelming and ruthless force.

Appointed by the duly elected Hungarian Government to represent Hungary in the United States and enjoying the freedom from fear in this free country on behalf of the avowed majority of the Hungarian people I have the honor to lodge a solemn protest against the totalitarian aggression of which my country has fallen victim. Mindful of the generous economic and political assistance the Government and the People of the United States have extended to Hungary, I have complete reliance that the Government of the United States will assume its responsibilities under the agreements and the declaration

⁴ The reference here is presumably to the message of the President to the Congress setting forth recommendations regarding assistance to Greece and Turkey; for the text, see Department of State *Bulletin*, March 23, 1947, p. 534.

of principles referred to above, and will take the appropriate action towards the restoration of the independence and democracy in Hungary.

I have [etc.]

ALADÁR SZEGEDY-MASZÁK

864.00/6-347 : Telegram

The Chargé in Hungary (Bigelow)¹ to the Secretary of State

SECRET

BUDAPEST, June 3, 1947—6 p.m.

926. Action of Russian high command in putting its tools in full control of Hungarian Govt has deeply disappointed Hungarian people who have hoped that their country would escape total Communist domination and avoid in this respect fate of Poland, Rumania and Yugoslavia. Latest developments have caused profound pessimism and a full realization that their country is again pawn in hands of an unscrupulous totalitarian power. Their distress is great but accompanied by sense of resignation perhaps explainable by fact that Hungarians have gone thru one crisis after another for uninterrupted period of nearly 10 years. The dislike of Nazis and their methods is matched by detestation of Russians except by Communist minority but fear complex on national scale is far more intense than under Hungarian Arrow Cross regime.² It is this pervading sense of fear and pessimism which now pervades national life and is particularly operative among the intelligentsia. There is therefore tendency to accept and excuse compromises and appeasement policy of Smallholders and Socialists alike which has been such feature of Tildy regime. Population seems unexcited but this due to weariness and surfeit of crimes and what they regard as hopelessness of their position rather than moral acceptance of *status quo*.

BIGELOW

¹ Counselor of Legation Bigelow took charge of the Legation on May 31 from Minister Schoenfeld who departed from Budapest the following day.

² The reference here is to the German puppet regime, dominated by the fascist-type Arrow Cross Party, which ruled Hungary during the last months of World War II.

864.00/6-347 : Telegram

The Secretary of State to the Legation in Hungary

CONFIDENTIAL

URGENT

WASHINGTON, June 3, 1947—7 p. m.

594. Brit propose instruct Brit Rep ACC¹ address communication Soviet Acting Chairman ACC referring to para 6 *c* revised ACC

¹ Maj. Gen. Oliver Pearce Edgecumbe.

statutes² and, in stating that all reports agree resignation Hung PriMin resulted from transmission info to Hung Govt by ACC Chairman, requesting copies all info handed to Hung Govt by Soviet Chairman on behalf of Soviet authorities connected Kovács case. Brit considered advisable let such action be known publicly and contemplate announcing dispatch instructions to Brit Rep in reply on June 4 to question tabled House of Commons.

Please ask Gen Weems transmit parallel communication Acting Chairman ACC in concert his Brit colleague.³ Press here will also be informed June 4.⁴

Sent Budapest, rptd London and Moscow.

MARSHALL

² For the text of the Revised Statute of the Allied Control Commission for Hungary, see the enclosure to the note from Marshal Voroshilov to General Key, August 14, 1945, *Foreign Relations*, 1945, vol. iv, p. 845.

³ General Weems' communication, dated June 4, is not printed. In a reply dated June 9, the text of which was transmitted to the Department in telegram 1005, June 12, from Budapest, neither printed, General Sviridov rejected the contention that the Kovács case was a matter of concern to the Allied Control Commission and stated that the request for information on the matter had been turned over to the appropriate Soviet authorities (864.00/6-1247).

⁴ For the statement under reference here, which was read to news correspondents on June 4, see Department of State *Bulletin*, June 15, 1947, p. 1161.

864.00/6-347

The Acting Director of the Office of European Affairs (Hickerson) to the Secretary of State

SECRET

[WASHINGTON,] June 3, 1947.

Subject: US action with reference to current political developments in Hungary.

DISCUSSION

As you will have noted from recent telegrams concerning political developments in Hungary, Hungarian Communist and other leftist elements, with the open support of the Soviet occupation authorities, have forced the resignation of Prime Minister Nagy and other important Government officials belonging to the majority Smallholders Party. This action was instigated by the Soviet authorities on the basis of an alleged deposition by Béla Kovács, former Secretary-General of the Smallholders Party who has been held incommunicado by the Soviets for over three months, implicating Nagy and others in the so-called "conspiracy against the Republic". It is probable that the Soviets will produce a "confession" signed by Kovács to support charges which they and the Hungarian Communists may bring against Nagy and other Smallholders. In this connection, it may be pointed out that we have had previous experience with such "confessions".

It is our feeling that this ruthless Soviet intervention in Hungary's internal affairs constitutes a clear-cut act of political aggression. It has opened the way for a bald attempt by the Communist minority to establish complete domination over political and economic affairs in Hungary and thereby nullify the will of the Hungarian people as expressed in free national elections. We believe that this Government should not permit these flagrant actions to pass unchallenged and that immediate counter-action should be initiated by the Department (1) in the first instance through the ACC in Budapest, and, failing effective measures there, (2) through the Security Council of the UN.

A draft telegram to AmEmbassies London and Moscow requesting their and British comment, containing the text of a proposed note to the Acting Chairman of the ACC, is attached for your approval.¹

RECOMMENDATIONS

1) That unless London and Moscow have material objection and subject to British views in the matter, the US Representative, ACC, be instructed to deliver the note proposed in the attached telegram which requests the Soviet Chairman of the ACC to agree to an investigation of the Hungarian situation to be carried out by a body composed of representatives of the three powers represented on the ACC Hungary;

2) That, if the Soviets will not cooperate in the formation and functioning of such a body, the matter be submitted to the Security Council of the UN for appropriate action;

3) In the event that the latter action becomes necessary, as we believe it will, it be carried through with the utmost persistence by this Government, notwithstanding Soviet vetoes, until it may be possible to raise the matter in the General Assembly and press for action by that body, possibly on the basis of a general indictment of Soviet political actions in the entire Eastern Europe area.

¹ The draft telegram which was attached to the source text was subsequently sent as telegram 2392 to London, 1261 to Moscow, 596 to Budapest, June 4, *infra*.

864.00/6-447: Telegram

*The Secretary of State to the Embassy in the United Kingdom*¹

SECRET URGENT

WASHINGTON, June 4, 1947—1 p. m.

2392. Dept proposes instruct US Rep ACC Hungary transmit communication along following lines to Soviet Acting Chairman

¹ A marginal notation by Under Secretary of State Acheson reads: "Approved by Secretary Cleared with Sen. Vandenberg".

This telegram was also sent to Moscow as 1261 and to Budapest as 596.

ACC. Before doing so comments Embassies Moscow and London and views Brit FonOff re possible parallel Brit action urgently requested.

"On instructions from my Government, I addressed to you two communications, on March 5 and March 17, regarding the development of events in Hungary, including unilateral intervention in Hungarian political affairs by the Soviet occupation authorities, which my Government regarded as threatening the continuance of democratic processes in that country. On both occasions I proposed the establishment of a commission of investigation to include representatives of the three powers on the Allied Control Commission.

Within the last few days further aggressive measures have been taken against important members of the party which received the support of the majority of the Hungarian people at the last election. While information is not complete, sufficient facts have emerged to indicate that there has been the most serious intervention by the Soviet authorities in the internal affairs of Hungary without consultation of any kind with the Allied Control Commission. It appears that action outside the bounds of parliamentary process, based largely upon depositions attributed to an individual who has been held incommunicado by the Soviet occupying authorities, has been carried out by the leaders of some of the minority parties. The effect of this action has been to force the resignation of the Prime Minister and other majority members of the Government and to cause the formation of a government dominated by the minority parties.

My Government must view with skepticism charges that the principal members of a Government constituted by a duly elected majority have been plotting the overthrow of their own authority particularly when these charges are made by the Communist Party which with the open support of the Soviet occupation authorities has engaged in constant efforts to intimidate and coerce the leaders of the majority party in order to bring about complete minority domination of Hungarian political and economic life.

The United States, as a member of the Allied Control Commission and a party to the Yalta Declaration, has a responsibility to see that the will of the Hungarian people as expressed at a free election is not arbitrarily frustrated. The United States Government has received no information which in its view would justify these actions of the Soviet occupying authorities and the leaders of the minority elements. On the contrary the United States Government considers on the basis of the facts at its disposal that the Soviet Chairman of the Allied Control Commission has failed to fulfill his responsibility to keep his British and American colleagues informed and has even assisted in the execution of these actions.

The United States Government has no desire to engage in recrimination and counter-recrimination concerning the recent developments in Hungary. It believes that there should be an objective ascertainment of the facts.

My Government is therefore convinced of the urgent necessity that the situation in Hungary be examined by an international fact finding body. To this end I am instructed again to request your agreement to the immediate formation of such an investigating body containing

representatives of the three ACC and Yalta Powers. Such an investigating authority should be granted every facility by the Hungarian Government and the occupying forces in order that it may return a complete and impartial report. Should such an investigating body not be established, should it not be able to function effectively and freely or should circumstances render such course advisable, my Government may refer the matter to an appropriate body of the United Nations.”²

Sent London, Moscow, rptd Budapest.

MARSHALL

² In telegram 2070, June 7, from Moscow, not printed, Chargé Elbridge Durbrow commented upon this proposed note in part as follows:

“Unless we have concrete proof of Soviet support of Communist Party activities (paragraph 3) and that Soviet Chairman ‘has even assisted in execution of these actions’ (paragraph 4), Soviet reply will, as usual, deny any implication of Soviet backing and tend to weaken our case when notes published. If we have concrete evidence Soviet connivance, we should make this clear in note effort preclude Soviet denial. We assume every effort being made to obtain objective, factual information regarding Soviet connivance from Nagy and other members of government now abroad who are free to talk.” (864.00/6-747)

864.00/6-647

Memorandum of Conversation, by the Acting Chief of the Division of Southern European Affairs (Barbour)

CONFIDENTIAL

[WASHINGTON,] June 6, 1947.

Participants: The Hungarian Minister, Aladár Szegedy-Maszák;
Mr. Matthews and Mr. Hickerson, EUR;
Mr. Barbour, SE.

The Hungarian Minister called on the afternoon of June 5 at the request of Messrs. Matthews and Hickerson. Mr. Matthews was not able to be present at the first part of the conversation and Mr. Hickerson had to leave before the conversation was concluded.

Mr. Hickerson received the Minister and informed him that the purpose in requesting him to call was merely in order that Messrs. Matthews and Hickerson could express to him personally their admiration for the courageous step he had taken in the light of recent developments in Hungary. Mr. Hickerson went on to elaborate on his realization of the difficulties of the Minister's position and the gravity of the issues involved. Mr. Hickerson added that the Department was contemplating, subject to final approval, action in the Allied Control Commission and subsequently possibly in the United Nations. He referred to the statements made by the President at his press conference earlier in the day.¹

¹ At his press conference on June 5, President Truman characterized the situation in Hungary as an outrage and stated that the United States would not stand by idly. For the text of the transcript of the press conference, see *Public Papers of the Presidents of the United States: Harry S. Truman, 1947* (Washington: U.S. Government Printing Office, 1963), pp. 262-266.

The Minister then raised the question of his status vis-à-vis the United States. Referring to his note informing the Department that he did not regard the present Hungarian Government as a free agent and was consequently not prepared to execute its orders, he stated that he has not resigned and that he hoped to continue relations with the US Government. He inquired concerning our intentions with regard to Minister-designate Chapin.² Mr. Hickerson expressed the opinion that Mr. Chapin would proceed to Budapest and take up his position as Minister as planned. Mr. Szegedy-Maszák, demonstratively dejected, indicated that, in these circumstances, the US would consider his Mission as terminated and that he had resigned. He drew a parallel between his status and the status of the Czech Minister in this country when the Nazis overran Czechoslovakia in 1939 and made it clear that he strongly hoped that a comparable arrangement could be made for him. Giving it as his opinion that the continuance of relations between the United States and the new Government would be contrary to the course contemplated by this Government to protest developments which led to the Government's installation, the Minister seemed unable to comprehend our intention that Mr. Chapin assume his post. Mr. Matthews, who had returned to the conversation, said that the US is determined to follow the course which seems best for Hungary and inquired whether the Minister would feel that we would be serving that end in withdrawing our representation from Hungary as would be necessary if we continued to maintain official relations with him. The Minister, after profound reflection, said "no", that we should by all means maintain ourselves in Hungary but that he had hoped that some middle course could be found whereby it would be possible "to keep the door open". Mr. Matthews pointed out that we could not have it both ways and that we had to take one course or the other. Mr. Matthews assured the Minister, at length, that we would be happy to have him continue to reside in this country with such members of his staff as would wish to do so as private citizens and that we would welcome friendly contact with him in that private capacity. Mr. Matthews added that we hope the Minister will be disposed to keep in touch with us and to make available to us such information as he receives from time to time which would be of interest.

The Minister, although obviously depressed, assured Mr. Matthews of his appreciation of this Government's courtesies to him while on official mission, of his constant desire not to embarrass the US Government in any way and declared on leaving that in all the circumstances he considers his official mission as concluded.

² Selden Chapin's nomination as Minister to Hungary had been confirmed by the Senate on April 9. He left the United States on June 27 and arrived in Budapest on July 2.

In the course of the conversation, the Minister also stated that he contemplated giving a press conference on June 6 and asked whether the Department had any objection to his releasing for publication the note he had addressed to the Secretary on June 2 concerning the latest developments in Hungary.³ Mr. Matthews replied that the Department did not have objection to such publication.

³ *Ante*, p. 304.

864.00/6-647 : Telegram

The Chargé in Hungary (Bigelow) to the Secretary of State

SECRET NIACT

BUDAPEST, June 6, 1947—3 p.m.

961. Following are Legation's comments on US proposed text for note on Hungarian political situation as received from British Mission here (my telegram 959, June 6¹) :

1. Legation is in complete agreement with proposed action including political representations, request for investigation commission and failing these reference to UN. In this connection surviving democratic elements in Hungary appear to be basing greatest hope on action in UN.

2. However, Department's attention invited to fact that developments in current crisis here have been characterized by façade of constitutionality which will certainly constitute the chief Soviet reply to our *démarche*. In our opinion it will therefore be necessary to avoid discussion of specific developments in favor of emphasis on significance and substance of what has occurred here, namely perversion of constitutional process for minority power purposes supported by threat of extra-constitutional measures and unjustifiable abuse of validly acquired occupational authority in furtherance of occupation power's strategic and political aim.

3. Soviet Communist refutation of proposed US representations will of course emphasize procedural constitutionality pointing out that when certain information concerning Prime Minister came to attention of Hungarian Government, Acting Prime Minister after consultation with Cabinet Council recalled Prime Minister from abroad. Latter refused to return thereby, in effect, admitting his guilt, and Cabinet resigned. Government was then legally reconstituted with only changes in positions of Prime Minister and Foreign Minister. Thus formal ratio of political parties in Cabinet was maintained in accordance with previous inter-party agreements through continued tenure of Prime Ministry and Foreign Ministry by majority party and Parliamentary order preserved by unchanged representation of minority bloc in Parliament. This version is technically true even though thorough investigation of executive and judicial branches of this government would prove fact of left bloc domination.

¹ Not printed.

In view of foregoing Legation favors present draft which omits specific charges and leaves to investigation commission of ACC or UN task of determining true facts of case. If as anticipated Soviets and Communists insist entire façade is constitutional they can have no valid objection to full investigation and refusal to accept investigation will bolster our general case and tend to minimize and discredit force of their specific contentions.

As to actual composition note Legation suggests following changes with view to note's effect on local public opinion:

Omission in second paragraph of phrase "While information is not complete" and begin sentence with "Sufficient facts".

Substitution in paragraph 3 of "incredulity" for "skepticism".

Substitution in last sentence last paragraph of "will consider reference of matter to UN" in place of "may refer".

Addition of clear statement designed to forestall suppression of publication.

Sent Department as 961, repeated London as 88.

Department please repeat Moscow as 110.

BIGELOW

864.00/6-347 : Telegram

The Secretary of State to the Legation in Hungary

SECRET URGENT

WASHINGTON, June 6, 1947—8 p. m.

610. You are instructed make brief formal acknowledgment Fon-Off note June 1 (urtel 924 June 3¹) re reconstruction Hung Cabinet. Dept's instruction this regard predicated on feeling that no useful purpose would be served by any alteration or interruption in US-Hung diplomatic relations.

However, in informal conversations which you may henceforth have with Hung Govt officials, you should make clear (1) that continuance regular relations between US and Hung is viewed by this Govt as matter entirely separate from problems created by recent Hung political developments, (2) that fact of continued relations in no sense implies approval of situation resulting from recent events in Hung or of methods used to bring present Govt to power, and (3) that present situation in Hung and US policy relating thereto are matters which Dept still has under active study.

¹ Not printed; it reported the receipt of a Hungarian Foreign Ministry note of June 1 formally advising of the appointment of Lajos Dinnyés as Prime Minister and Ernő Mihályfi as Acting Foreign Minister. The former was to retain his Cabinet post as Minister of Defense and the latter was to continue as Minister of Information. Other Cabinet posts were to remain as before. (864.00/6-347)

For your info only, Dept is considering advisability issuance press statement along lines points 1 to 3 above at time Min Chapin's departure in order publicly clarify US position these matters.

Sent Budapest, rptd London and Moscow.

MARSHALL

864.00/6-947

The Second Secretary of the British Embassy (Solly-Flood) to the Acting Chief of the Division of Southern European Affairs (Barbour)

SECRET URGENT

WASHINGTON, 9th June, 1947.

420/119/47

MY DEAR WALLY: May I please refer to the communication which you suggested should be delivered by the United States Representative in the Allied Control Commission for Hungary to the Soviet Acting Chairman about the recent crisis in Hungary resulting in the resignation of M. Nagy.¹

The Foreign Office share your disquiet about the recent events in Hungary. They do not feel, however, that on the evidence at present available to them they should be wise to authorise a protest to the Soviet authorities through the Allied Control Commission in Budapest. They have not yet seen the documents which were communicated to the Hungarian Government by the Soviet authorities in Hungary. If these documents, as seems likely, should show that the late Prime Minister was implicated in a conspiracy to overthrow the present Government or to take unconstitutional action against the Hungarian Communists on the entry into force of the Peace Treaty, they should have no means of proving that this allegation was false. They point out that it is, of course, a reasonable assumption that what has recently happened in Hungary is a long planned step in the evolution of the policy of the Soviet Government of establishing a puppet government in Hungary before the entry into force of the Peace Treaty. But there are no proofs of this and if charges to this effect were made in the Allied Control Commission, His Majesty's Government and the United States Government would simply court a rebuff from the Russians similar to that given last March. The only effect of this would be to demonstrate how impotent His Majesty's Government and the United States Government are to influence the course of events in Hungary.

¹ The reference here is presumably to the proposed communication contained in telegram 2392, June 4, to London, p. 309.

In these circumstances the Foreign Office greatly regret that if the United States Government wish to pursue the matter in the Allied Control Commission they should not be able to authorise the British Representative to take parallel action. On the other hand they are not prepared to let matters rest where they are and they propose to instruct His Majesty's Ambassador in Moscow to take the whole question up with Mr. Molotov and to seek clarification of the Soviet Government's attitude. This course of action may have the advantage that the discussion cannot be closed by a formal note from the Soviet authorities such as closed the correspondence with the Allied Control Commission in Hungary last March. It will be possible to pursue the matter at greater length and more fully with the Soviet Government and the Foreign Office hope that Sir M. Peterson will be able to provoke Mr. Molotov to argument and to obtain some real clarification of the Soviet Government's policy in Hungary. The discussions will have the added advantage that they will be confidential and will not expose us publicly to rebuffs from the Russians as happened last March as a result of our communications to the Allied Control Commission in Hungary.

So far as the Hungarian Government are concerned, the Foreign Office propose to send them a general warning that His Majesty's Government intend to watch the situation with extreme care in the next few months. I send you herewith as enclosure "A" to this letter a paraphrase of a telegram from the Foreign Office to Mr. Helm, giving him instructions to this effect.²

Should you, however, decide to proceed with your proposed communication to the Soviet Acting Chairman of the Allied Control Commission, the Foreign Office think that you may care to take into account certain comments given by Mr. Helm. While agreeing in the broad outlines of your draft note, if such a note is to be delivered, Mr. Helm feels that it could with advantage be modified by the omission of certain passages which would only give grounds to the Leftists for counter attacks, e.g. references to the minority parties (which together represent at least forty percent of the electorate) and to the "unprotected" Hungarian people, and to the Russians for evading the real issue. In Mr. Helm's opinion the evidence obtained is *prima facie* incriminating to the late Prime Minister and to a lesser extent to others and in practice he doubts whether anything can be achieved by attempting to gloss it over let alone dismiss it. While he thinks that this point should be evaded as much as possible, he thinks that greater and more specific emphasis should be laid on the flagrant and unilateral Soviet interference in Hungarian internal affairs deliber-

² The enclosure under reference here is not printed.

ately designed in collusion with the Hungarian Communist party to discredit the leaders of the major party and to bring about not only the fall of the Government but its replacement by one in conformability with Russian wishes. Russian action in Kovács case was justified on the grounds of Soviet military security. If in this case General Sviridov pretends, as he seems to do, that he was merely the agent of the Soviet High Command, the latter was acting entirely *ultra vires* as no military question whether of security or anything else was involved, the issue being one of Hungarian internal politics.

I send you herewith as enclosure "B" to this letter the instructions sent by the Foreign Office to Sir Maurice Peterson in Moscow to form the basis of his discussion with Mr. Molotov.³

I should be glad to learn from you as soon as possible what course of action the United States Government now propose to take.

Yours very sincerely,

P. SOLLY-FLOOD

³ The enclosure under reference here is not printed.

Editorial Note

At its meeting on June 9, the Secretary of State's Staff Committee considered possible measures to protest political persecution in the Balkans. In this connection, attention was given to the possible need for an explanation of the imminent arrival in Budapest of Appointed Minister Selden Chapin. For the minutes of this meeting, see page 163.

S64.00/6-647 : Telegram

The Secretary of State to the Legation in Hungary

SECRET

WASHINGTON, June 10, 1947—8 p. m.

URGENT NIACT

617. Comments AmEmbassy Moscow (Embtel 2070 June 7¹) and Leg Budapest (Legtel 961 June 6) re proposed note on Hung situation, as well as Brit FonOff observations received through Brit Emb Washington,² have been considered and Leg is requested ask Gen Weems communicate immediately to Soviet Acting Chairman ACC Hung note of which text has been revised accordingly to read as follows:

"On instructions from my Government, I addressed you two communications, on March 5 and March 17, regarding developments in Hungary, including the arrest on February 25 by the Soviet occupation forces of Béla Kovács, a parliamentary deputy of the majority Small-

¹ Not printed, but see footnote 2, p. 311.

² See p. 315.

holders party and a former Secretary General of that party. On both occasions I proposed the establishment of a commission, composed of representatives of the three powers on the Allied Control Commission, to investigate the situation created by that action and by the large-scale apprehension by the Hungarian police, of other representatives of the majority party on charges of complicity in a conspiracy against the authority of the Hungarian state. My Government considered and continues to consider the effect of these actions as threatening the continuance of democratic processes in Hungary.

In reply you stated that the arrest of Kovács was the exclusive concern of the Soviet occupation forces because he was charged with crimes against those forces. Hence, you contended, his arrest could not be regarded 'as an intervention on the part of the Soviet occupation authorities in the internal affairs of Hungary'. You argued further that a three-power investigation of the arrests of other members of the Smallholders party by the Communist controlled Ministry of Interior would be an interference with the internal affairs of Hungary and therefore was refused. Thus, it appeared that to investigate the arrest of alleged Smallholder party members charged with conspiracy against the state would interfere with Hungarian affairs, while for the occupation forces to arrest one of the most important alleged plotters was not such interference by the simple process of charging him with another offense.

It now develops, however, that his offense was the same conspiracy which could not be investigated by three powers but which has in fact been investigated by one and which has led to a most flagrant interference in Hungarian affairs. Information relating to Hungarian political affairs, alleged to have been elicited from Béla Kovács during his detention incommunicado by the Soviet occupation forces, has been furnished by the Soviet authorities to the Communist Deputy Prime Minister of the Hungarian Government in such circumstances as to force the resignation of the Hungarian Prime Minister and other important leaders of the majority Smallholders party and to bring about the reorganization of the Hungarian Government. The US and UK members of the Allied Control Commission have been kept in ignorance of this information in clear violation of paragraph 6(c) of the statutes of the Allied Control Commission which provides that the US and UK representatives on the Allied Control Commission shall have the right 'to receive copies of all communications, reports and other documents which may interest the governments of the US and UK'. My Government has taken note that this action has resulted in the realignment of political authority in Hungary so that a minority which obtained 17 percent of popular support in the last free election has nullified the expressed will of the majority of the Hungarian people, a situation which has apparently been admitted by the leader of the Communist minority, Rákosi, who is reported to have taken public satisfaction that his 'iron-fisted' party, 'conscious of its aims', has thus been able to take over control of Hungary.

My Government protests this unilateral action in violation of the Yalta agreements and this Soviet interference in Hungarian political affairs in derogation of the continued exercise of democratic rights in

that country and of the freely expressed will of the Hungarian people and again requests as a member of the Allied Control Commission, the expeditious establishment of a three-power commission to examine the situation as a matter of urgency. Unless this or some equally effective action to bring about adequate investigation is agreed upon my Government, conscious of its obligations under the Yalta Declaration, as a signatory of the Armistice with Hungary, and as a member of the United Nations, will consider such further action as may be appropriate in the circumstances.”³

Copies text note should also be transmitted to Hung, UK and Soviet Govts by Leg Budapest and Embs London, and Moscow. On assumption note will be delivered Budapest June 11 text will be made public here 12 noon June 12 and may be released Budapest simultaneously.

Sent Budapest, rptd London, Paris and Moscow.

MARSHALL

³ The note quoted here was delivered by General Weems to General Sviridov on June 11. Copies of the text were subsequently distributed in Hungary by the United States Information Service.

864.00/6-1047 : Telegram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

SECRET URGENT

Moscow, June 10, 1947—8 p. m.

2097. British Ambassador has just shown me account of his fruitless conversation with Molotov last night on Hungarian situation. Molotov denied any Soviet interference while charging British had repeatedly attempted to intervene in Hungarian internal affairs. He said Hungarian developments were clear to any newspaper reader and denied Soviet representative had been secretive with respect Allied representatives, adding Soviet representative anyway only assisted Allied colleagues in matters directly concerning them, as this question did not.

Full text Ambassador's instruction dated 7 June and reply to Foreign Office dated 10 June repeated British Embassy Washington, which will no doubt inform Department of details. Ambassador said conversation reminded him of schoolboy's argument and considered Molotov's accusations against British as sure indication their own interference, in accordance established Soviet practice of charging others of crimes they are committing.

Department please repeat Budapest as Moscow's 8.

Sent Department as 2097, London as 246.

DURBROW

864.00/6-1547

The Acting Chairman of the Allied Control Commission for Hungary (Sviridov) to the Chief of the United States Representation on the Allied Control Commission (Weems) ¹

[BUDAPEST, June 14, 1947.]

Confirming receipt of your letter of 11 June this year,² I have honor to inform you that I cannot agree with the evaluation of the political situation in Hungary given in your letter. Your assertion of some change in the political power in Hungary, the nullification of the will of the majority of the Hungarian people and also of establishment of some kind of control over Hungary by the minority appears to be unfounded fiction.

It is known to all that the governmental crisis in Hungary was caused by the refusal of former Prime Minister Ferenc Nagy to return to the country notwithstanding the suggestion of Hungarian Govt and leadership of the independent Smallholders Party, and his voluntary resignation which followed later.

This crisis was solved through efforts of all parties of coalition govt in strict conformity with constitutional standards.

The new Hungarian Govt headed by Prime Minister Lajos Dinnyés retained the previous distribution of portfolios among the coalition parties and remained basically the same as in the previous body. Towards this govt was expressed the confidence of the overwhelming majority of the Hungarian people, which fact is attested by the declaration of national committee, signed by President of the Republic and leaders of all coalition parties, as well as unanimous decision of confidence and granting of authority to the govt by Hungarian Parliament.

All these facts have been widely publicized and undoubtedly are known to you; therefore after I had acquainted myself with your letter I could not help but notice in it attempts, under the disguise of defense of Hungarian democracy, to render support to separate individuals who have entangled themselves with conspirators, fled abroad from their people.

As far as concerns your statement of violation by me of paragraph 6 *c* of the statutes of the ACC, in connection with turning over depositions in case of Béla Kovács to Hungarian Govt, in conformity with request of Ferenc Nagy, this statement is based on a

¹ The source text was transmitted to the Department in telegram 1019, June 15, from Budapest, not printed.

² For the text of the communication delivered by General Weems on June 11, see telegram 617, June 10, p. 317.

misunderstanding since these documents, as I have already notified you in my letter of 9 June,³ have no relation whatsoever to the activities of the Allied Control Commission.

Based on the foregoing I decline your protest as completely baseless since I cannot, from my point of view, see any unilateral actions which violate the Yalta Agreement; and also consider, as fiction, the statement of Soviet interference in Hungarian political affairs.

Taking the above into consideration I cannot agree with your proposal to establish a three-power commission to investigate the situation in Hungary, since I do not see any necessity for it and consider that this would be a rude interference in Hungarian internal affairs, which is not permissible.

³ In a letter dated June 4, General Weems requested from General Sviridov copies of testimony in the Béla Kovács case. General Weems explained that as a member of the Allied Control Commission he was entitled to receive such information from Soviet authorities. In a reply dated June 9, General Sviridov rejected General Weems' request and denied that the Kovács case had anything to do with the Allied Control Commission. Neither of the letters is printed.

SG4.00/6-1947

*Memorandum by the Secretary of State to President Truman*¹

CONFIDENTIAL

WASHINGTON, June 19, 1947.

We have just received a paraphrase of a telegram from the British Foreign Office to the British Ambassador at Moscow, directing him to deliver an *aide-mémoire* to the Soviet Government on the Soviet reply to the British Hungarian note.²

The instructions to the British Ambassador are well worth reading. I have marked in red those portions that are particularly important. Mr. Bevin is quite evidently irritated by Mr. Molotov's reply to his cautious request for information.

A paraphrase of the telegram is attached and I would appreciate its return when you have read it.

G. C. MARSHALL

¹ A handwritten marginal notation on the source text reads: "President has read. GCM".

² Despatch 1420, June 24, from Moscow, not printed, reported that British Ambassador Peterson had seen Soviet Foreign Minister Molotov on June 16 and presented orally British Foreign Secretary Ernest Bevin's refutation of the explanations given to Ambassador Peterson about developments in Hungary during his conversation on June 9. The despatch also transmitted, as an enclosure, the text of an *aide-mémoire* which Ambassador Peterson left with Molotov, not printed (SG4.00/6-2447). Foreign Secretary Bevin discussed British contacts with Molotov in a written answer to a House of Commons question on June 25.

[Annex]

The British Foreign Office to the British Ambassador in the Soviet Union (Peterson)

CONFIDENTIAL

[LONDON, 16th June, 1947.]

You should request a further interview with M. Molotov and should inform him leaving an *aide-mémoire* for purposes of record that His Majesty's Government are gravely disturbed by his unhelpful reply to my perfectly legitimate request for information. You should repudiate emphatically the contention that His Majesty's Government have intervened in the internal affairs of Hungary by any improper means or to any extent not justified by their position as signatories of the armistice and the peace treaty.³ You should further enquire to what specific acts of intervention not made through the instrumentality of the A.C.C. Mr. Molotov was referring. You should point out that the British representative on the A.C.C. has always taken particular pains to act through the agency of the Soviet chairman and that neither you nor he nor Mr. Helm have sought to defend Mr. Nagy or Mr. Kovács. His Majesty's Government have indeed insufficient information either to defend or to condemn. The Soviet Government have received nothing but a civil request from one ally to another such as is justified by the agreements they both have signed for information which would permit His Majesty's Government to judge the facts of the situation. The reply which Mr. Molotov gave was not such as would in the normal friendly relations between great powers be expected from an ally and it has therefore caused amazement both to His Majesty's Government and to Parliament.⁴

2. There are certain points made by Mr. Molotov during your interview on 9th June⁵ which I wish to contest :

(1) He stated that the policy of the U.S.S.R. was non-intervention in Hungarian politics. This statement seems hardly consistent with the pressure which the Soviet authorities and the Communist party with Soviet backing have brought to bear on the Hungarian Government, on the Smallholders party and on Hungarian institutions such as the General Credit Bank. In this connection you should also refer to the note of 28th June, 1946, mentioned in Budapest telegram No. 704.

(2) Mr. Molotov says that the A.C.C. is not involved in these proceedings because it is not directly concerned. Since General Sviridov and his staff have played so active a part in this whole affair how can

³ These first two sentences are marked in red.

⁴ This sentence is marked in red.

⁵ See telegram 2097, June 10, from Moscow, p. 319.

it be said that the A.C.C. are not involved? ⁶ You should moreover reiterate the point about Article 15 of the armistice agreement to which you refer in paragraph 6 of your telegram under reference and should point out that since under Article 6(c) of the statutes of the A.C.C. the representative of the United Kingdom has a right "to receive copies of all information accounts and other documents which can interest the government of the United Kingdom", His Majesty's Government certainly have the right to obtain through the A.C.C. copies of documents relating to the alleged existence of a Fascist plot.

(3) To meet a request for information with the statement that the Allied representatives had presumably read about the plot in the newspapers is an answer to which Mr. Molotov can hardly expect me to take seriously. Mr. Molotov knows full well that what His Majesty's Government have asked for is information about the Soviet Union's intentions in Hungary and for evidence against the displaced Hungarian Ministers which was in General Sviridov's possession. They obviously cannot accept as authentic allegations against Mr. Nagy merely because they appear in the press. General Sviridov's statement that his only copy of the evidence in question had been sent to the Hungarian Government is so absurd that it must seriously be asked whether it was not intended to be deliberately offensive to his British colleague.⁶

(4) Mr. Molotov states that recent events in Hungary have not threatened the interests of any Allied power particularly not of Great Britain. Hitherto it must be admitted that no action had been taken by the Hungarian Government which threatened the interests of Great Britain. It is however regrettable that the Soviet authorities in Hungary have shown so little willingness to cooperate with their British colleague in respect of the few matters relating to British interests which have been referred to them. In particular you should draw Mr. Molotov's attention to the points about clearances and civil aviation contained in paragraph 4 of Budapest telegram No. 704 (of 10th June) which is clear evidence of Soviet obstruction of legitimate British activities in Hungary.

3. You should ask Mr. Molotov to believe that His Majesty's Government in all sincerity have no other desire than that Hungary should regain her full independence and retain a system of government which would enable her to be on equally friendly terms with Great Britain and the U.S.S.R. (against whose rightful influence in Hungary His Majesty's Government have no designs whatever). Finally, you should say that the Soviet Government by dissipating the suspicion unfortunately widespread at present in the United Kingdom, that it is their intention to frustrate true Hungarian independence and to transform the country, by force and through the instrumentality of new and unfree elections, into a closed preserve of the Soviet Union now having a striking opportunity of impressing opinion in the United Kingdom and of proving by their action that the Anglo-Soviet alliance is a

⁶ This sentence is marked in red.

living reality and not the pretentious façade which, in consequence of this apparent disregard of the other party's rights and interests, so many well disposed people in this country are inclined to regard it.⁷ A first step towards this end on which I personally set the greatest store would be a frank discussion of the Hungarian situation and the provision of the information for which I have asked. For my part I should be quite ready to agree to this discussion taking place in a three-power commission as proposed in the United States note to the Soviet chairman of the A.C.C. in Hungary dated June 11th.

⁷ This sentence is underscored in red.

740.00119 Control (Hungary)/7-347

*The Chief of the United States Representation on the Allied Control Commission for Hungary (Weems) to the Chargé in Hungary (Bigelow)*¹

SECRET

[BUDAPEST,] 24 June 1947.

DEAR MR. BIGELOW: Acknowledgment is made of your note of 14 June 1947 with reference to the Department of State's request for certain information in regard to misuse of the Allied Control Commission by the Soviet Representation.²

In this connection I would like to call your attention to the fact that, while the Allied Control Commission has been of assistance to American nationals in various matters, in my opinion it has had very little effect on the control and direction of the Government of Hungary. This is the principal matter concerning Hungary, in which the American Representation has had no voice whatsoever. The Soviet Chairman and the Soviet Minister, Mr. Pushkin, have directly and through the Communist Party of Hungary, taken unilateral actions daily in this regard. On major Hungarian Government decisions, approval—formal or informal—of Soviet authorities had to be obtained. This included cabinet appointments and appointments at least of that of state secretaries and diplomatic representatives. It also includes agreements with other governments, such as trade, air and various types of other international agreements. Matters concerning the Hungarian Army under

¹ The source text was transmitted to the Department as an enclosure to despatch 3237, July 3, from Budapest, not printed.

² Telegram 625, June 11, to Budapest, not printed, requested the Legation, with the help of General Weems, to prepare a list of instances of Soviet misuse of the Allied Control Commission. In telegram 1111, June 28, from Budapest, not printed, Chargé Bigelow transmitted to the Department a list of 31 Soviet instances of Soviet misuse of the Commission—all but six of which had occurred in 1945 and 1946 (740.00119 Control (Hungary)/6-1147, 6-2847). Documentation on nearly all of the instances listed by Bigelow is included in *Foreign Relations*, 1945, vol. iv, pp. 798 ff. and *ibid.*, 1946, vol. vi, pp. 250 ff.

the Armistice Agreement and the Allied Control Commission Statutes were also subject to Soviet Allied Control Commission supervision. These various matters have been handled without consultation of or any reference whatsoever to the British and American Representatives. They have been handled in such a way that it was not possible to place them on the agenda of the Allied Control Commission. They have been accomplished by the Soviets secretly by personal interview with various Hungarian Ministers and state officials and have succeeded because of fear of the Soviet Occupational Forces. This fear can be defined as fear of loss of governmental position or fear of loss of personal liberty through arrest by Soviet authorities or Hungarian Communist-controlled police on trumped-up charges. Before the crisis, which ended in the resignation of Mr. Nagy and Mr. Gyöngyösi and others, two ministers lost their positions due to the Soviet interference. Many Smallholder deputies have been expelled from the Smallholders Party on Communist Party insistence. The opposition party newspaper was suppressed by the Communist-controlled Trade Union Council. Members of the Smallholders and other persons in public life expressing anti-Communist views have disappeared and finally through conspiracy charges, the character of the entire government has been changed. The Smallholders Party was not given a chance to elect a prime minister, for which they had the right, being holders of an absolute majority. In turn they were given a recommendation to accept as prime minister one of their party having thus only nominally and for outward appearance the post of prime ministry, a minority party is in control of Hungary.

I consider these unilateral actions on the part of the Soviets as far more important than the specific instances of misuse and unilateral actions by Soviets which are listed on the inclosure herewith.

Sincerely yours,

GEO. H. WEEMS

Brigadier General, U.S. Army

[Enclosure]

Memorandum by the Chief of the United States Representation on the Allied Control Commission for Hungary (Weems)

SECRET

[BUDAPEST,] 24 June 1947.

Subject: Instances of misuse of Allied Control Commission by arbitrary exercise of authority by Soviet element of the Allied Control Commission for Hungary.

It is pointed out that unilateral action on the part of the Soviet element of the Allied Control Commission, or in the name of the Soviet High Command, has been the normal procedure. It should be

noted, however, that the terms of the Armistice Agreement with Hungary give broad authority to both the Chairman of the Allied Control Commission and the Soviet Occupational Forces.

The cases listed below indicate the means by which the Soviet element of the Allied Control Commission has been able to circumvent the desires of the American and British Representations.

1. 14 May 1945 information received from Hungarian sources revealed additional Soviet demands for factories, machinery and commodities as reparations under Article 12 of the Armistice Agreement. These demands had been made by the Russians in the name of the Allied Control Commission without consulting the American or British Representations. General Key informed the War Department by cable 19 May 1945 and by letter-courier to Chief of Staff inclosing demands and related documents of the History of the Mission from 1945 to July 1946; also a letter to the War Department informing them of Soviet failure to observe the Statutes of the Allied Control Commission.³

2. The question of the size of the Hungarian Army during the Armistice period was raised at a meeting on 15 November 1945, when it appeared that instructions had been issued by the Soviet staff giving authority for the Hungarian Army to be of a certain size, and this had been done without consulting either the British or United States Representatives. The Chairman, Marshal Voroshilov, was understood to say that this had been done in error, and he then proceeded to have a report read out giving a mass of figures regarding the proposed Hungarian Army. He then asked the British and American Representatives to agree, and, quite naturally, they asked for time to examine the figures. However, the Chairman would not agree to this and said that he proposed to give instructions for the proposed organization to be effective immediately.⁴

3. Early in 1946 both the American and British Representatives urged that an investigation should be made into the serious economic situation in Hungary, but this was refused.

4. In August 1946 the question arose concerning the purge of Fascist and Reactionary organizations, etc., resulting from a letter passed to the Hungarian Government by the Deputy Chairman of the Allied Control Commission. The explanation was that the information was passed at the request of the Soviet High Command. Allied Control Commission meetings of 15 July, 24 July and 15 August refer to the matter.⁵

³ None of the documents under reference here are printed.

⁴ See telegram Z-1172, November 16, 1945, from Budapest, *Foreign Relations*, 1945, vol. iv, p. 909.

⁵ For documentation on the matters under reference here, see *ibid.*, 1946, vol. vi, pp. 320 ff.

5. In the fall of 1946 permission was given by the Soviet element of the Allied Control Commission for the formation of the Hungarian Freedom Party without consulting the Americans or British.⁶

6. Early in 1947 the Hungarian police were ordered in the name of the Allied Control Commission to suppress the publication of Count Ciano's Diary. At first the Acting Chairman attempted to explain that it probably was caused by a member of his staff calling the police headquarters and inquiring about the publication of this book. At later meetings of the Allied Control Commission it was clearly evident that the Soviet element of the Allied Control Commission had ordered a suppression of this book. Sviridov stated he was opposed to its publication and would refer the matter to Marshal Voroshilov for decision. No action has been taken nor is any expected.

7. The Soviets' actions in regard to air agreements are well known. Sviridov's stand has been that only the Occupational Forces who control the air fields can permit the Hungarian Government to negotiate air agreements. Notwithstanding, the Soviets have formed the Maszovlet Company, Hungarian-Soviet civil air company. The Soviets have also permitted the Hungarian Government to negotiate agreements with certain other countries but not with the United States or Britain.

8. In early 1947 Sviridov stated he had personally given approval to the Hungarian Government to resume diplomatic relations in the name of the Allied Control Commission and without prior discussion with British or Americans. He stated he did not consider this "a principal question".

9. Request was made in May 1947 through the Chairman of the Allied Control Commission to make certain visits to Hungarian Army units. Sviridov replied "the statutes of the Allied Control Commission do not give the right to your officers to visit parts and units of the Hungarian Army. On these grounds the Command of the Occupational Forces cannot give approval to visit one of the Hungarian Divisions". This is clearly contrary to paragraph 1 (d) of the Armistice terms and paragraph 6 (d) of the Statutes of the Allied Control Commission.

10. In a meeting of the Allied Control Commission 18 June 1947 the Acting Chairman stated that the Hungarian Minister for Defense had no topographical section and had no map-making equipment. It was further stated that the Minister of Defense reports that all maps were taken out by Szálasi's regime. It is known that a large quantity of maps of varying scales are stored in the Hungarian Army Map Service building.

⁶ See telegram 1994, October 23, 1946, from Budapest, *Foreign Relations*, 1946, vol. v, p. 339.

11. The Soviets have taken over certain properties claimed by American interests. A specific instance is that of eight hundred seven (807) patents, property of German subsidiaries of IT&T. The Hungarian section of the mixed Soviet-Hungarian Reparations Commission informed the Soviets of the American Legation's letter of 12 December 1946 setting forth our claim. The Soviet section nevertheless insisted upon taking over the patents.

12. In spite of the provisions of the Armistice terms and the Statutes of the Allied Control Commission, the Soviets have not permitted free movement of the American element of the Allied Control Commission in Hungary. Hungarian nationals are permitted free movement.

13. In spite of repeated protests the Soviet Occupational Forces controlled the MAORT Oil Company throughout practically the entire period of the Armistice. Control by Russian authorities was not released until 1 March 1947. Likewise they have used storage plants of the Vacuum Oil Company.

14. The Soviets have failed to transmit to the American Representation data of interest to the United States Government as provided in paragraph 6 (a) and paragraph 6 (c) of the Statutes of the Allied Control Commission. The minutes of the meeting of the Allied Control Commission 18 June 1947⁷ give full account of British and American views in regard to documents passed to the Hungarian Government by the Acting Chairman in the case of Béla Kovács.

⁷ Not printed.

864.00/6-2647

*Memorandum of Conversation, by the Acting Chief of the Division
of Southern European Affairs (Barbour)*

[WASHINGTON,] June 26, 1947.

Participants: Former Hungarian Prime Minister, Ferenc Nagy;
Former Hungarian Minister, Aladár Szegedy-Maszáék;
The Under Secretary, Mr. Acheson;
Andor Klay, BI (Interpreter);
Mr. Barbour, SE

The former Hungarian Prime Minister called on the Undersecretary on June 26 by appointment made at his request. After the usual amenities in which Mr. Nagy expressed his thanks for the courtesy of the US in permitting him to come to this country and for its understanding of the problems affecting Hungary, the Undersecretary asked Mr. Nagy to summarize recent developments in Hungary. Mr. Nagy reviewed the circumstances surrounding his resignation, pointing out

that he had given a fuller statement in this connection to the Department in writing. Mr. Acheson then asked for the former Prime Minister's opinion as to advisable policy in regard to Hungary and Eastern Europe. Mr. Nagy said that, while he would hesitate to suggest policy for the US, his personal view is that it is of primary importance that Europe not be separated into two distinct camps, Hungary and the other Eastern countries similarly situated being considered behind a strict strategic line. On the contrary, he felt that efforts to encourage the majority peoples of Eastern Europe who now find themselves under minority dictatorship should be concentrated on a general ideological approach based on continued US support for democratic principles throughout the world. He recognized the difficulty of obtaining any early amelioration of the situation in Eastern Europe but emphasized the ultimate importance of keeping up the spirits of democratic elements in the area. In this endeavor Mr. Nagy drew attention to the desirability of continued public expression of US interest in those peoples and suggested that encouragement would be given them by radio broadcasts from Western leaders.

In conclusion Mr. Nagy made two requests. He expressed a desire to call upon the Secretary and Mr. Acheson agreed to speak to the Secretary in that connection. Mr. Nagy also expressed interest in being permitted himself to utilize US radio facilities, presumably the Voice of America, to broadcast to Hungary.¹

¹ Former Hungarian Prime Minister Nagy apparently did not subsequently call upon the Secretary of State. Regarding Nagy's utilization of the facilities of the Voice of America, see telegram 907, August 22, to Budapest, p. 361.

864.00/7-147

*Memorandum by the Director of the Office of European Affairs
(Matthews) to the Secretary of State*¹

SECRET

[WASHINGTON,] July 1, 1947.

Subject: Hungary

BACKGROUND

In November 1945 free elections were held in Hungary in which the moderate Smallholders Party obtained a 57% majority, the Social Democrats 17% and the Communists 17%. The ensuing Hungarian Government was, as a result of a pre-election interparty arrangement, a coalition headed by the Smallholders who took 9 portfolios including the Premiership, and with 4 Communists and 4 Social Democrats.

¹ This memorandum was also sent to Under Secretary of State Robert A. Lovett. A handwritten marginal notation indicates that he approved. Mr. Lovett assumed his duties as Under Secretary on July 1.

Since those free elections, the Soviets have, through their occupying forces, the Allied Control Commission, and Soviet diplomatic representatives in Hungary, openly but more often covertly, intervened directly in the affairs of Hungary for the purpose of nullifying the will of the Hungarian people by the establishment of Soviet dominated Communist political and economic control of the country. In this process, the Soviets have assisted their Communist sympathizers to infiltrate the services of public order, have exerted pressure through the abuse of the authority of the occupying power to intimidate the majority elements into abdicating their Parliamentary authority, and have by unilateral interpretation of the armistice, in violation of that instrument and the Yalta and Potsdam agreements, obtained exclusively Soviet domination of the economy of Hungary. In culmination of this campaign the Soviet occupation authorities arrested a leader of the majority party and, by the use of testimony attributed to him, brought about at the end of May 1947, the resignation of the Hungarian Prime Minister, the flight from Hungary of the President of the Parliament, and the formation of a reorganized Hungarian Government which, though nominally still a Smallholder led coalition, is in fact wholly subservient to Communist and Moscow orders.

DISCUSSION

Soviet objectives in Hungary are clearly integrated with the general framework of Soviet expansion Westward through Eastern Europe and, with the consolidation of her exclusive control of the Danube Basin, the USSR is in an immediate position to threaten an independent Austria.

Soviet action in Hungary, and also in Rumania and Bulgaria, has been in clear violation of the Yalta agreement which provided that the policies of the USSR, the UK and the US in regard to liberated Europe should be concerted. The Soviets have likewise violated the Armistice agreements and, in the course of their economic penetration, the Potsdam accord as it relates to German assets. Soviet forces are in occupation of Hungary as well as Rumania and Bulgaria and Soviet troops will remain in Hungary and Rumania until an Austrian treaty comes into effect.

Hungarian developments have precipitated a situation clearly posing the question whether there are effective means, short of war, by which Soviet aggression through infiltration can be successfully combatted by the forces of democracy. The President has said that we

will not stand idly by² and Senator Vandenberg has publicly advocated reference of the Hungarian case to the UN.³

We have made strong representations to the Soviets during the evolution of the situation in Hungary, three times requesting international investigation. We have likewise protested repressive measures taken by the authorities in Rumania and Bulgaria. The British have supported us and, in regard to Hungary, the British Ambassador in Moscow made similarly forceful representations to Mr. Molotov. No satisfaction has been forthcoming.

SPA is studying the possibilities and procedures in regard to the submission of the Hungarian case to an appropriate organ of the UN. On the basis of preliminary consideration various factors affecting such course are apparent. The Security Council is now considering the Greek case and the introduction of the Hungarian case into that body might well deflect attention from that important matter. The case would have to be taken to the UN, seemingly, as a dispute between the US and the USSR. It could not be taken as an isolated situation relating only to Hungary, as Soviet action in Rumania and Bulgaria constitutes equally flagrant violation of her Yalta pledges and the armistice agreements. However, there is little likelihood that, even if, as EE is inclined to hope, the Soviets might in the face of world condemnation be disposed to recede to some extent in Hungary, they would equally compromise in Rumania or Bulgaria where their domination is further advanced; and it may be questioned whether we should risk a major test of the UN in regard to ex-enemy countries subject to the provisions of Article 107 of the Charter. There is also the question as to the amount of support we would get from other United Nations. Though the British have now made strong representations in Moscow, they were at first lukewarm and did not join in our formal protest in the Allied Control Commission. Mr. Spaak, Belgian Prime Minister and first President of the General Assembly, who may reflect the general reaction of small nations, has indicated misgivings as to the advisability of Security Council action.

It would presumably be our objective in the United Nations to obtain the appointment of an investigation commission in accordance with our previous requests, such a commission to be empowered to recommend measures to restore the rule of the majority in Hungary, possibly through international supervision of new elections which are now proposed for next fall. At this point, however, it is difficult

² The reference here is to a comment about Hungary made by President Truman at his news conference of June 5; see *Public Papers of the Presidents of the United States: Harry S. Truman, 1947* (Washington, Government Printing Office, 1963), pp. 265-266.

³ Senator Vandenberg's statement under reference here was made during a speech to the Senate on June 3.

to assess the probable advisability of such a commission or such supervision. Conceivably the latter could be so hamstrung by Soviet manipulations as to preclude its affecting the course of the elections with the result that international blessing might be given a Soviet rigged result.

In the circumstances, it would seem unwise to propose immediate action in the Security Council. Subsequent developments may, however, suggest the desirability of raising the matter of Hungary or of the wider problem of Soviet action in Eastern Europe as a whole at the General Assembly in September. Considerations affecting such decision would be the outcome of the Greek case which will obviously have a general influence in the Balkans and intervening developments in relation to the "Marshall Plan".

In the meantime, it is believed that we should sound out British views as to possible further steps in the matter including United Nation action and ask for any suggestions they may have as to further US or British action. At the same time we should keep the matter alive, as encouragement to the peoples of Eastern Europe, through the release to the press of appropriate information and statements of our views concerning developments in Hungary. If the British should be so disposed and on further reflection it seemed advisable, we could announce that US-UK discussions are going on in this connection. It is possible that such public expression of our continuing interest might in itself serve in some measure to slow the Soviet hand.

RECOMMENDATIONS ⁴

1) That continuing consideration be given to the submission of the Hungarian or general Eastern European case to the UN, but that such submission to the Security Council be postponed for the time being;

2) that the attached telegram ⁵ soliciting British views in the matter be dispatched, and

3) that public expression of our attitude toward developments in Hungary and Eastern Europe be made as frequently as occasion warrants.

ATTACHMENT

Draft telegram to AmEmbassy, London.

⁴ A handwritten marginal notation at this point by the Secretary of State reads: "OK GCM".

⁵ No draft telegram is attached to the source text, but the reference here is presumably to the message sent as telegram 2877, July 3, to London, not printed, which repeated most of the arguments and considerations set forth in the section marked "Discussion" of this memorandum (864.00/7-347).

S64.00/7-747

*Memorandum by the Director of the Office of European Affairs
(Matthews) to the Under Secretary of State (Lovett)*

[WASHINGTON,] July 7, 1947.

Subject: Acknowledgment of note from Mr. Paul Marik, Counselor of the Hungarian Legation, informing the Department of his designation as Chargé d'Affaires ad interim of the Legation of Hungary in Washington.

DISCUSSION

The Department is in receipt of a note dated June 7¹ from Mr. Paul Marik, Counselor of the Hungarian Legation, which states that the President of Hungary has relieved Mr. Aladár Szegedy-Maszák of his duties as Hungarian Minister to the United States and that the Acting Hungarian Minister for Foreign Affairs has instructed Mr. Marik to act as Chargé d'Affaires ad interim of Hungary in Washington.

EUR feels that no useful purpose would be served by any break or change in our existing official relations with the Hungarian Government at this time. Any alteration in relations at this juncture would react greatly to our disadvantage, particularly since such action might result in the loss of an important base of diplomatic operations and the closing off of the flow of on-the-spot reports from Hungary. The Department's reply to Mr. Marik's note has been purposely delayed pending the arrival in Budapest of Minister-designate Chapin. Mr. Chapin has now arrived in Budapest, however, and plans to present his letter of credence on July 9. We believe, therefore, that the Department should acknowledge Mr. Marik's notification of his designation as Chargé and express, in the customary form, its willingness to transact business with him in that capacity.

RECOMMENDATION

It is recommended that the Department make a brief formal acknowledgment, in customary form, of Mr. Marik's note as in the draft note (Attachment A²) attached for your approval, which merely takes cognizance of the change notified to the Department by Mr. Marik and states that we are prepared to transact business with him.

CONCURRENCES

C; S-Mr. Bohlen;³ S/S-PR

¹ Not printed.

² Not attached to source text. The note under reference was sent to Chargé Marik on July 11.

³ Charles E. Bohlen, Special Assistant to the Secretary of State.

ATTACHMENT

A) Draft reply to Mr. Marik's note of June 7.

864.00/7-1147 : Telegram

The Minister in Hungary (Chapin) ¹ to the Secretary of State

SECRET PRIORITY

BUDAPEST, July 11, 1947—8 p. m.

1172. Peyer ² and Valentiny ³ called on me yesterday evening and in course of a 2-hour conversation described their position to current Social Democrat policy with frequent references to Hungarian Social Democrat subordination to Communist leadership in service of Soviet power aspirations in this area, Social Democrat anti-American propaganda and failure Social Democrat leadership to fulfill its responsibility to genuinely democratic hopes of party membership. Stating that split in Social Democrat Party was probable in near future, they mentioned they would probably desire to establish their own party, the program of which they summarized as "law, order, peace, and work". They inquired what protection if any they could expect from US Government in likely event of violent reprisals against them and their followers by Soviets and/or Communists. They referred in this connection to the Yalta Declaration and inquired in effect what steps US was prepared to take to insure fulfilment within Hungary of the Yalta provisions which they added it was obvious were but a mockery at present time.

I replied to the foregoing in the sense that I was present in Hungary to assist by whatever means were appropriate and feasible all genuine democratic elements in Hungary and the general cause of Hungarian democratic development. I added that the US position with respect to policy [*police?*] methods and abuses of democratic processes in Hungary as elsewhere had been made abundantly clear but that the specific question of how to implement our stand in Hungary was at present under consideration in Washington and that meanwhile we required full information as to developments in Hungary and that I should accordingly appreciate their keeping me fully informed of their plans and problems.

We understand from other sources that Peyer and Valentiny propose to issue at a suitable time within near future a statement of oppo-

¹ Minister Chapin presented his credentials to the Hungarian Government and assumed charge of the Legation on July 9.

² Károly Peyer, prewar and wartime Secretary General of the Hungarian Social Democratic Party until his arrest and imprisonment in 1944. In post-liberation Hungary, Peyer was the leader of a minor "right-wing" faction of the party.

³ Ágoston Valentiny, a prominent member of the Hungarian Social Democratic Party and Minister of Justice in the Hungarian Provisional Government, December 1944–July 1945.

sition to current Social Democrat policies which will be couched in language calculated to provoke their expulsion from the party following which they will endeavor to organize and have recognized by the ACC an independent Hungarian Social Democrat Party with which they propose to enter the electoral campaign, confident that in a free election they would capture at least 80% of the Social Democrat membership in addition to other elements. I received the impression, however, in conversing with Peyer and Valentiny that their future action will probably depend to a considerable extent on the assurances which they may receive from ourselves and British as to guarantees of a free political milieu in which to operate.⁴

Sent Department, repeated London 120.

CHAPIN

⁴ Telegram 1201, July 18, from Budapest, not printed, reported that Peyer and Valentiny had confirmed their intention to form an independent Social Democratic Party and added:

"They stated, however, that their implementation of this plan depended upon US Govt's attitude toward the approaching elections and they requested us to elicit, if possible, statement from US Govt of what undertakings it was willing to assume to insure that approaching elections would be free and unfettered." (864.00/7-1847)

864.6363/7-1147

The Minister in Hungary (Chapin) to the Secretary of State

CONFIDENTIAL

BUDAPEST, July 11, 1947.

No. 3260

SIR: With reference to previous correspondence concerning American interests in the crude petroleum industry in Hungary, I have the honor to enclose herewith a summary of developments since submission of this Legation's Note No. 439 of March 3, 1947, to the Hungarian Ministry for Foreign Affairs transmitted to the Department by despatch No. 2722 of March 10, 1947.¹

It will be noted that while some progress has been made, no final solution to the numerous problems facing the crude petroleum industry has been found, despite the lapse of more than four months since the first formal representation made by this Legation to the Hungarian Government. The Magyar Amerikai Olajipari R. T. (MAORT) has also endeavored throughout this period to obtain satisfaction of its rights under its Concession Contract and the Armistice of January 20, 1945.

The Legation intends to continue to press with all means at its disposal for a definitive solution. However, prospects are not viewed with

¹ None of the documents under reference here are printed. Regarding the Legation note of March 3, see the bracketed note, p. 275.

optimism in view of previous Hungarian tactics which involve delays, passing of responsibility, threats against MAORT and pleas of financial embarrassment.

In summary outstanding issues at present are :

1. Continued presence of government controllers within MAORT.
2. Over production of the oil fields.
3. Refusal of the government to settle pre-May 1, 1947 accounts.
4. Inadequate crude oil prices.
5. Restrictions over MAORT's right to dispose of its crude oil production.

Respectfully yours,

SELDEN CHAPIN

811.516 Export-Import Bank/7-1647 : Telegram

The Minister in Hungary (Chapin) to the Secretary of State

SECRET URGENT

BUDAPEST, July 16, 1947—6 p. m.

1197. This morning when I made my courtesy call on Rákosi he stressed the importance of Exim Bank cotton credit (Legtel 1195, July 17¹) and asked whether any final decision had been taken in the matter. I was obliged to tell him that the Legation had no recent information. Rákosi elaborated how contrary to American belief the Hungarian Communist Party very much desired to develop Hungarian trade with west as well as with east, that while it was, of course, possible for Hungary to obtain some cotton from Russia he, Rákosi, very much preferred the cotton from US.

In a statement which coming from other than a high ranking Hungarian Communist would be classed ingenuous, Rákosi expressed the hope that balance of surplus property credit could still be made available to Hungary. In the course of an official call on the MinFin yesterday, Nyárádi had also expressed this hope. I replied on both occasions that I had seen no evidence of eagerness as expressed by the Hungarian press for further financial assistance under this heading. As to the approach I suggested that this might more properly be

¹ Not printed; it reported that the Hungarian Government was pressing the Hungarian General Credit Bank to request a positive statement from the Export-Import Bank as to whether the \$7 million credit for cotton purchases was available or not. The telegram added:

"In order obviate attack by Communists against Credit Bank and Hungarian Commercial Bank as well US Govt because of suspension of cotton credit, Legation suggests Export-Import Bank allow American exporters accept contracts at present for deliveries in February 1948 with reservation in mind that should the situation not improve by that time the deliveries would be withheld." (811.516-Export-Import Bank/7-1747).

Telegram 811, August 1, to Budapest, not printed, replied that the Legation's proposal was not practicable (811.516 Export-Import Bank/7-1747).

taken up by the Hungarian Legation in Washington rather than here.² Rákosi stated that the Hungarian technical delegation in Paris³ was remaining on in the hope that the US Govt would, mindful of Hungary's serious economic problem, reconsider its suspension of the credit but expressed the hope that some definite news could be given to the Hungarian Government.

Rákosi pointed with pride to the recent action of the Hungarian Government in permitting MAORT to reduce oil production and said that he believed that not only MAORT but the Vacuum Oil Co. could continue operations in Hungary with profit (Legtel 1196, July 17⁴).

CHAPIN

² In a note to the American Legation dated July 19, not printed, the Hungarian Foreign Ministry formally drew attention to the suspension of sales of American surplus property. The note stated that approximately \$15 million of the \$30 million credit had not been used and requested that the suspension of sales of surplus property be removed. In reporting upon receipt of the note in telegram 1244, July 25, from Budapest, not printed, Minister Chapin stated: "Do not consider that conditions prompting suspension of credit have altered except for worse and do not recommend removal of suspension at this time." (864.24 FLC/7-2547)

³ The Office of Foreign Liquidation, which was responsible for the disposal of surplus property, maintained its European regional headquarters in Paris.

⁴ Not printed.

864.00/7-1847 : Telegram

The Minister in Hungary (Chapin) to the Secretary of State

SECRET PRIORITY

BUDAPEST, July 18, 1947—8 p. m.

1200. We believe view expressed by British Foreign Office (London's 3852, July 14, repeated Budapest as 69¹) that splintering of Hungarian non-Communist political parties may be playing directly into hands of Communists may reflect possible current difficulties encountered by British Government in its policy concerning certain continental social democratic parties.

Our impression has been that local British mission is reluctant to recognize the means by which the present leadership of the Hungarian Social Democratic Party maintains its hold upon the party and the extent of direct Communist control of Social Democrats Party machinery (Legation's despatch 2678, February 28, 1947¹). In our opinion the remarks of Deputy Secretary General of the SDP Marosán before a July 15 meeting of party secretaries effectively summarize the present position of his party. On this occasion Marosán stated "SDP opposed anti-Semitism in 1945, we shall now oppose anti-Communism. We consider both equivalent with Fascism".

It has also been our impression that chief effort of British Government with respect to Hungarian SDP has been endeavor to persuade

¹ Not printed.

the current leadership of the party to draw away from the Communists and that this effort has been an outstanding failure (Legation's telegram 272, February 21¹). We feel strongly furthermore that these efforts will continue to fail so long as the present compromise party leadership continues in office and that the chances for a change in leadership within the party are slim indeed in the foreseeable future, particularly since Communist tactics in Hungary to date have been largely based on achieving domination of other parties while maintaining legal fiction of their existence and freedom of action. This is whole significance of last year of attacks on Smallholders culminating in removal of Kovács, Nagy and Varga who were not disposed to succumb to Communist domination of Smallholders and is in our view applicable to current leadership of SDP as interpreted by Szakasits and Marosán and influenced by Zoltán Horváth.

The alternatives available to non-Communists in Hungary at present time do not include in our opinion a united opposition to the Communists. Even if this alternative did exist a necessary preface to such a united opposition would be breakup of the currently Communist-dominated political parties. In any event it seems to us that the issue of the desirability of a split in the Hungarian SDP at this time can best be judged from the point of view of whether it would be more desirable to have an open genuine opposition to the Communists in Hungary now, or to maintain within existing organizations groups which may be able to exert a desirable influence at some future date when political conditions in Hungary may have approached the free climate envisaged at Yalta, although the continued existence of these groups until such a time is problematical indeed.

Sent Department, repeated London as 126.

CHAPIN

¹ Not printed.

864.00/7-1847 : Telegram

The Minister in Hungary (Chapin) to the Secretary of State

SECRET PRIORITY

BUDAPEST, July 18, 1947—10 p. m.

1202. Sulyok¹ called on me yesterday and in course of hour's conversation informed me that although he would endeavor to hold on to leadership of his party for as long as possible he planned to go into political retirement prior to elections and, if it was clear he was personally endangered, would attempt to flee Hungary. He stated he was issuing instructions to his party to abstain from forthcoming elec-

¹ Dezső Sulyok, leader of the Hungarian Freedom Party. On July 22, Sulyok announced the dissolution of his party rather than see its members subjected to persecution.

tions but that he felt in many cases of individual voters these instructions would not be followed since abstention would in itself in all probability be an act likely to provoke reprisals.

Sulyok stated it was evident from draft of electoral law that his party would not in near future be permitted to participate in the elections² and he further foresaw no possibility of heading off "rigged" elections in the Rumanian, Bulgarian, and Polish pattern.

Sulyok stated roughly 80 members his party have been arrested and interned within last month, interestingly enough under same legislation of Sztojay regime under which Sulyok himself had been interned in 1944. In this connection press has reported in last two weeks arrest by political police of two youth leaders of Freedom Party as well as request by peoples prosecutor's office for suspension of immunity rights of three Freedom Party deputies to National Assembly.

Coincidentally I had received a visit some minutes before Sulyok call from Freedom Party deputy Polinay who had been set upon the night before in a district Freedom Party headquarters by a Communist band and severely beaten. His face was a pulp. Violence at Freedom Party meetings has become so frequent that the party is in practice cancelling its meetings. In connection with a recent disturbance the Communist *Szabad Nép*³ had the temerity to publish a statement that participants in the Freedom Party meeting had left their hall and deliberately set upon "a group of innocent strolling workmen".

He pleaded for assistance in crossing the border with his family before expiration of parliamentary immunity, a request I have also received from other members of non-Communist groups. Although from humane considerations since these men are marked for liquidation I should like to afford some assistance, there appears to be no adequate and safe means at my disposal and I have been forced at cost of my own and the American Govt's prestige to return a firm but sympathetic refusal.

Although Sulyok was calm he was obviously despondent and he confined his remarks on US policy at the present juncture to stating that he was confident that the US would eventually halt what he described as the advance of Soviet imperialism.

CHAPIN

² Telegram 1198, July 18, from Budapest, not printed, reported that following an inter-party agreement on July 12, a new electoral bill was introduced into the Hungarian National Assembly. One provision of the draft law would prohibit the candidacy of all former members of the Hungarian National Unity Party, thus disqualifying Sulyok and three other leaders of the Freedom Party (864.00/7-1847).

³ The newspaper of the Hungarian Communist Party.

S64.00/7-2247

The Minister in Hungary (Chapin) to the Secretary of State

SECRET

BUDAPEST, July 22, 1947.

No. 3284

SIR: I have the honor to inform the Department that the rapid and grave deterioration in the Hungarian political situation which began months ago with a systematic and intensive preparation on the part of the Soviet Government and its agents in Hungary, the Communist Party, has continued to accelerate in pace and intensity even during the three weeks since my arrival in Hungary.

The methods employed are not new. They follow the now familiar pattern of infiltration, corruption, vilification, blackmail and intimidation, backed by the power, sometimes hidden, sometimes naked, of an occupying army directed by forces undeterred by any scruples to attain their aim. I have said that the pattern is not new for it has been used by the Soviets themselves elsewhere, by the Nazis and by other exponents of power politics. What is perhaps new is its perfection based upon Soviet experience in other countries and the whole derives from a firm and undeviating policy which has but one aim—the extension of Soviet power.

While I cannot from here attempt any evaluation of Soviet world policy, it is clear to me that the Soviet Government is determined, irrespective of solemn covenants or protestations of good faith, to bring Hungary under complete domination and to incorporate it into the general Soviet system. To do otherwise and permit Hungary to regain its independence and develop along Western lines would split the satellite Slav States and interfere seriously with the plan for domination of South Eastern Europe. Hungary, from its position in the center of the Danubian Basin, becomes therefore a springboard for further Soviet penetration of Western Europe with implications affecting the security of the Western occupied zones of Austria and Germany which cannot be ignored.

By "incorporation within the general Soviet system", I do not mean to imply that the Soviets intend immediately to force upon Hungary a complete Sovietization of Hungarian economic and social structure in the Russian pattern. Most thinking Hungarians with whom I have talked agree that for the time being this is a secondary objective and that the Soviets and their Hungarian Communist allies are far too clever to arouse unnecessary opposition at this stage by enforcing collectivization in a strongly peasant community, or by upsetting urban economic life, or by direct attacks upon Magyar culture and religion. While some industrial organization along Communist lines is being

attempted, care is exercised that this should not interfere too much with production which may be of assistance to the Soviet Union. According to well developed plans, however, leaders in industrial as well as in political life who show marked signs of initiative or independence are slated for elimination by one means or another, with the result that the country's political and economic life will soon be directed by non-entities and Soviet puppets. The immediate aim, as stated above, is the extension of Soviet power; the digestive process can come later.

The Legation and the American press correspondents in Hungary have reported that this absorption of total control of Hungary is being effected in complete disregard of the known wishes and interests of the vast majority of the Hungarian people. The pro-Communist vote in a free election today would probably be even less than the seventeen percent registered in the 1945 elections, but most of the leaders of intelligence and character have disappeared or will shortly do so, and the new electoral law, when the elections are held, is so rigged as to ensure a complete control of Parliament by the extreme left or by its puppets. Legation telegram No. 1203, July 18.¹

I might remark that the predominating characteristic of the Hungarian people is their vitality—and this will to live in the Magyar way instantly registers upon the newcomer to Hungary. I have been struck with the lively building activity, not only in Budapest, but in the country towns I have visited. Dwellings are being repaired, churches and public offices rebuilt, roads and public facilities restored, automotive equipment made somehow to work, stores reopened and trade resumed; all with the aim of getting back some kind of normalcy and all with extremely limited facilities and reduced capital. Hungary, particularly Budapest, will present a ravaged appearance for years, but the energy and will power for reconstruction are lessons not only for the rest of Central Europe, but for France and England as well. This intense interest in the restoration of private property, not only in the countryside but in the cities, may be another indication of a basic opposition to Communism. This physical and material vitality occasionally results in isolated displays of physical courage, demonstrated in political acts of a foolhardy nature or in futile plotting.

It is unfortunate that this physical activity and capacity for work is not accompanied by a corresponding amount of moral fiber. There is a supine quality or lack of stamina that seems to permeate the entire political and social fabric. Part of this may be due to the fact that the Hungarians have for centuries been dominated by other nations. Part is due to the fact that the majority of the natural or trained leaders

¹ Not printed.

of the nation were identified with former regimes and that the few who were inspired by genuine democracy have or are being eliminated, while others newly arrived to public life have succumbed to the material temptations of office and thus placed themselves, through threatened exposure, under Communist control.

It is important also that Hungary does not have a tradition and real experience in democracy and that as a result issues are not seen clearly. On resistance to or acceptance of Soviet and Communist domination the issues are clearly drawn, but the means of resistance are too varied, ranging from the fantastic belief of the Social Democrats that independence lies in "cooperation" with the USSR to the foolhardy intransigence of the followers of Sulyok, and muddled throughout by the aims and interests of such diverse groups as the former land owners, the peasants, the formerly landless agricultural workers, the bankers, the industrialists, the white collar class, the workers and the Catholic Church. These and other groups all have their own aims which conflict to a greater or less degree and when coupled with an opportunism which appears to be characteristically Hungarian the result is a confusion which is of positive aid to the single-minded directness of the Soviet and Communist approach.

The geographic fact remains that Hungary is dependent militarily, economically and politically on its position as a Danubian State and hence its fate is involved with that of its neighbors. Most importantly there is an Army of Occupation in Hungary which shows no immediate sign of retiring and which even should the Treaty of Peace be ratified could be continued under one pretext or another as a force for the maintenance of the line of communication to Austria.

The complete domination of the Allied Control Commission by the Soviet Chairman gives the Soviets a unilateral authority which is strictly enforced over any step positive or negative which may affect Hungarian or Soviet interests either in domestic or external politics. An illustration of this is the decision to abstain from the recent Paris economic meeting—presented as a unanimous interparty decision—after three party caucuses, including that of the party nominally holding fifty-seven percent of the seats in Parliament, had recorded themselves as favoring attendance.

There is little doubt as to the dislike and fear on the part of Hungarians, as a whole, of the separation of their country from the West and its inclusion in a sphere of States subordinate to the power interests of the Soviet Union. There is also little doubt, unfortunately, that the Hungarian people can, in existing circumstances or in the foreseeable future, be counted upon to produce of themselves alone the moral and physical force which can reassert for Hungary the

true democratic development within their own independence which they so much desire. It must be conceded that the Hungarians, with a long tradition of passive resistance, tend to rely much too heavily upon foreign support for the realization of their own aims and that they tend to gravitate, irrespective of their own best interests, to the prevailing dominant power in this area.

Historically, Hungary has looked much to Great Britain for friendship and guidance, but it is evident that for one reason or another Great Britain no longer is in a position, even should it so desire, to extend much assistance to this nation. In fact it seems almost as if British diplomacy in this area has been hypnotized by a fantastic hope that somehow the forces of Social Democracy, which is presumed to have a sympathetic link with the British Labor Party, can be galvanized into taking the leadership in the political life of Hungary. Actually this party, with unbelievable fatuity, seemed bent, despite the lessons of history and of contemporary Balkan politics, on playing the suicidal role of the Mensheviks in Russia and the *Girondins* in the French Revolution. However, there are signs that the Social Democratic leaders now realize the peril of their position and will attempt to close their ranks preparatory to making a stand.

Confronted then with the realities of Soviet proximity, threats and pressures, and an impotent British policy compounded of much wishful thinking, the Hungarians have little recourse but to turn primarily towards the United States for support of their national aspirations.

In discussions with Hungarian leaders of varying shades of democratic opinion, I have found an almost pathetic faith in the United States as a possible savior of Hungary, although much of their confidence is evaporating under the impact of a long series of Soviet unilateral actions and *faits accomplis* affecting every phase of Hungarian life. Although a part of this trust springs from the tradition of freedom and prosperity which every European associates with the United States, much of the ideological content is based upon the promises, actual or implied, as contained in utterances of American leaders and upon such documents as the Yalta Declaration and the charter of the United Nations promising attention to the situation of oppressed people. I find democratic elements in Hungary discouraged, grieved, and even embittered by what they regard rightly or wrongly as a "let-down" by the United States which they believe encouraged them to fight for democratic aspirations and for independence, but which has failed to follow through with its promises and to extend effective concrete help to local efforts against the contrary actions of the Soviet Union.

Experienced Hungarian political observers have pointed out that however idealistic may be our motives on the international scene, and I find that a surprising number have genuine admiration for our high principles, the practical moves of United States policy were designed for use in a free world which does not, unfortunately, accord with the realities in Eastern Europe today.

To paraphrase the contention frequently made by Latin American political observers that our expressed doctrine of non-intervention in the domestic affairs of another country often constitutes intervention itself, it may be said that non-intervention in the face of persistent and brutal intervention by a power seeking domination of another country may not only constitute an invitation to that power to intervene but does in fact constitute positive support of that power's aim to dominate.

Democratic elements in Hungary receive with politeness our oft repeated assurances of interest in their welfare and that of Hungary and, perhaps with more enthusiasm, our expressions of indignation at the course of developments in this part of Europe, but when these assurances and our notes of protest are followed by no action which can be shown as having had effect locally, the rumor once again circulates that we have abandoned Hungary to Soviet domination. These same elements find it difficult to reconcile our denials that we have abandoned Eastern Europe with our refusal to use the instrumentalities which they assume we hold as a dominant world power.

Although Hungarians are apt to indulge in wishful thinking and hence attribute more ready power to the United States in Europe than we may possess, it would appear that the situation in Hungary might not have reached its present state of desperation had we taken more positive steps in the past. For example, we might have given stronger support to Hungarian minimum claims at the peace negotiations after weighing the possibilities of which country could or could not be saved. Likewise there was the possibility, which now appears too late, of founding a daily newspaper in Budapest backed by United States Government resources in newsprint, money and protection, perhaps under Army auspices, which would have guaranteed at least one organ adhering to the principles of a free press. It might well have paid its way and could have combatted effectively the distorted propaganda of the officially Russian sponsored Red Army newspaper. Early aid to Hungarian economy on a generous scale would have been effective, whereas now such aid might be used against us unless surrounded with guarantees. It was unfortunate that the United States interpretation of "German assets" as used in the Potsdam Declaration was not defined promptly and openly. Moreover, the lack of experienced and politically tutored military personnel to implement United States policy in the

Allied Control Commission when that organization was set up was a serious handicap.

All this, however, is water over the dam. The prime question is what can we do now. It is interesting in this connection to note that in a recent letter from the Undersecretary of State for Foreign Affairs, Mr. Warner, to my British colleague instructing him to concert with me on measures respecting Hungary, it was said that we might be able to suggest some measures which might "be taken by the Americans and ourselves to slow up the process of Communist dictatorship in Hungary" rather than reverse or even arrest the process. I have noted however, in the United States press, occasional references to a line of thought which postulates a containment of the USSR within its present sphere of influence which presumably would include Hungary.

Although a decision for an active policy was, so far as I am aware, never formulated in so many words by the Department during the year, it was legitimate to conclude from the plans for the staffing of this Legation and for the acquisition of property in Budapest, that at one time there was a serious thought of pursuing an active policy in this area and of using Budapest as a centre. Up to the events of the end of May, such a hope, even though not yet implemented, seemed at any rate a real possibility.

The deterioration in Hungary since that date, which has apparently been accompanied by similar developments in other countries of this area, is proceeding, as stated at the outset of my despatch, at a highly accelerated rate, and unless something positive is done immediately, all hope of saving Hungary for the constructive part which it might play in a stabilized democratic Europe needs must be abandoned, barring unforeseen miracles. The Department may best judge how such a concession would affect our efforts to establish an Austria free from Soviet influence.

As reported in my telegram 1202, July 18, the Sulyok Party and such other opposition elements as remain are now terrorized at the prospect of liquidation following the dissolution of Parliament and the expiration of the Parliamentary immunity of their leaders. In the last few days I have been approached by at least three deputies desiring to know whether the United States Government, and more specifically our Legation and offices abroad, could get them safely into Czechoslovakia or Austria and beyond. I have had to reply that aside from the fact that we have no entirely safe or adequate means for such an operation, this is a practice which we have never followed. Their reply is interesting in that they observe that while this normally might be construed as intervention, new situations make for new practices. My British colleague informs me that he himself has had no such ap-

proaches recently, but that he has standard instructions to discourage such persons unless they are severely compromised (presumably for having served British interests) should they apply to him, and to advise them to stand courageously at their posts. While this advice is indeed sound from a British or American standpoint, it is difficult to give, without some feeling of hypocrisy, to an individual already badly beaten, when one knows that his party is being dissolved, himself declared ineligible to hold public office and the Communist wolves already at his heels. Even though many of these men are far from ideal leaders, some of them have shown moral courage of the type so lacking in present day Hungarian public life.

Admittedly the case for presentation to the Security Council of the United Nations of Russian aggression in Hungary might be a difficult one to prove, especially in view of the Soviet control over official communications and the Hungarian reluctance to make official formal statements of events. The Soviet Government and their agents, the left wing bloc in Hungary, have been extremely astute in following constitutional and democratic forms, and although everyone knows that each step is only achieved by pressure of a most brutal and illegal nature, the outward appearance is one of legality. Furthermore, although one may obtain plenty of even direct oral contradictory evidence, documentary proof is fragmentary.

However, since we are not prepared to use military measures, and have no other visible means of exerting pressure in Hungary, it would seem that recourse to the United Nations, difficult as this may be procedurally and dangerous as it may be to our prestige if not pressed or to the structure of the organization if successful, appears to be the only practical instrument in hand.

In conclusion, I express the hope that, even though it is now late, we should not abandon all effort to save Hungary, and I earnestly invite the Department's attention to the need for a comprehensive and resolute review and precise redefinition of our policy with respect to Hungary.

I suggest, however, that the first decision which should be taken is whether or not, all things considered, we are prepared to take a positive line with respect to this nation. In the event that this should be decided in the affirmative, and we are prepared to follow an active policy, I believe that the existing staff of the Legation, including the officers now under assignment to this post and with additional clerical assistance, should be maintained. I would also concur in the pursuance of an active and comprehensive program of acquisition of suitable sites and the construction of fully representative buildings for a combined office, a residence and staff housing.

In this case I venture to submit the following recommendations for consideration by the Department:

1. That we should immediately press the case of Russian intervention in Hungary in the Security Council, raising it and reraising it when vetoed or knocked down until it can be brought before the Assembly. The important point, however, is that if such action is to have a salutary effect in Hungary, it must be announced or initiated prior to the elections in Hungary, now scheduled for the last week in August. A competent officer with legal experience and knowledge of United Nations procedure might be assigned to the Legation immediately to assist in collecting data.

2. That we should exert such means as we have at our disposal to obtain an early exchange of ratifications of the Hungarian treaty and hence remove the *legal* unilateral power of the Soviet Union to intervene through the Allied Control Commission and to reduce the forces of occupation to a line of communications guard.

3. That we should be prepared promptly, when suitable conditions prevail, to extend financial and other material aid on a *quid pro quo* basis. The first step under this would be restoration of the suspended portion of the surplus property credits, but only as conditions may warrant.

4. That funds and other facilities should be provided for the escape of key Hungarian figures who are compromised and cannot stay in the country without direct immediate danger of kidnapping and torture. I believe that we can use such persons eventually to rebuild a better Hungary if Soviet pressure is relieved as a result of 1 and 2. In the event that no assistance is possible, I should be instructed frankly to inform any individuals who apply to the Legation that we can give them no hope. The Department is, of course, also aware that the degree to which individual Hungarians will be willing to assist our cause in the future is largely dependent upon the record which we now establish in fulfilling our inescapable responsibilities to those who have undergone considerable risk to our benefit. Our reputation for humanitarianism is also at stake.²

5. Apart from point 4 above I strongly recommend that the Department empower me now to take the necessary measures, including assistance in departing from Hungary and issuance of temporary United States visas, to protect local employees of the Legation who will be scheduled for punishment at some future date on the sole basis of their service to the United States Government. This authority would of course only be availed of should circumstances demand.

² Telegram 2012, December 23, from Budapest, not printed, reported that members of the Hungarian Independence Party had discussed with Legation officers the desperate situation facing remaining party members, two of whom had committed suicide recently. These Hungarians had no hope of obtaining jobs and they appealed to the Legation for funds to help them through the winter. While the Legation discouraged the inquiry, Minister Chapin felt that as a result of continued Soviet intransigence in world affairs, the Department may have reassessed its policy on such a matter "and be disposed make known to our friends and real supporters democracy our interest and sympathy rather than deny them aid and destroy their faith in US". Telegram 32, January 13, 1948, to Budapest, not printed, replied that while the Department was giving continuous consideration to the Legation's proposals, policy with respect to matters of this kind had not changed (864.00/12-2347).

6. That we follow in principle the recommendations submitted by the Mission in Sofia for an active role in the enforcement of the clauses of the Peace Treaty and as outlined in my telegram numbers 1174 of July 11³ and 1211 of July 19, 1947.⁴

7. That we pursue an active role in the enforcement of the economic clauses of the Peace Treaty, not only as they pertain directly to American interests, but also as they relate to the interpretation of such Articles as 28 and 30, paragraph 4.

8. That an active Cultural and Informational program should be maintained as our most important direct means of influencing the people of Hungary and supporting United States objectives in Hungary today.

Other suitable proposals for positive action will no doubt occur to the Department, and the Legation will be glad to submit additional suggestions.

Should, however, the answer be in the negative Budapest would, in the foreseeable future at least, be reduced to the status of a Central European listening post. Accordingly, I would then recommend a cut of at least one third in officer personnel, but would desire to be consulted on the selection of those officers to be retained. I would also suggest that our existing building program is inconsistent with our position now and in the future and hence should be immediately reduced and concentrated. However, the opportunity before inflation sets in again of availing ourselves of the existing credits for construction should not be missed, and such credits should be used to their fullest limit at once.

We need not of course admit publicly that we have written Hungary off the slate, but the continuance of a large building program with sites all over the city and a staff much larger than any other Legation except that of the Soviet Union cannot but excite false hopes on the part of some and ridicule on the part of others, if we are to continue to play a passive role in Hungary. I should be grateful accordingly for an early indication of the Department's decision.

Respectfully yours,

SELDEN CHAPIN

³ Not printed.

⁴ *Ante*, p. 19.

864.00/7-2447: Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

SECRET

LONDON, July 24, 1947—6 p. m.

4048. Warner, Assistant Under Secretary Foreign Office, yesterday said to us that the economic weapon seems to be an important weapon remaining to UK and US in influencing course of developments in Hungary and other Soviet-dominated states. Foreign Office view is

that any economic help we give countries should depend on their future behavior.

Warner then stated that attitudes of US and UK to Hungarian political parties deserve close attention. He declared that UK had been trying for some time to use influence of British Labor Party on Hungarian Social Democrats to keep latter from going "all out" for the Communists. Labor Party, he said, would continue this policy. "It may fail but it is worth trying." (See Budapest's 1200, July 18 to Department.)

He felt that Social Democrats are further to left than other parties and therefore closer to Communists. This makes them more vulnerable to Communist infiltration and pressure.

Warner continued that situation re Smallholders is so confused that it is impossible to sort out the pieces.

He suggested that it might be advisable, if Department agreed, to instruct Chapin and Helm to discuss our attitudes towards Hungarian political parties and give their considered opinions of best course to follow. He added that US and UK, while agreeing on major considerations and policy, might wish to take different lines, which however should always be coordinated. For instance, it might be decided that continued pressure on Social Democrats by British Labor Party might be valuable as one line of attack, whereas US might pursue different course and concentrate on Smallholders or another party.

In Foreign Office view, recommendations from Helm and Chapin should include publicity in press and on the radio.

Please let us know Department's views for communication to Foreign Office.

Repeated Budapest 73.

DOUGLAS

864.00/7-2447 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

SECRET

LONDON, July 24, 1947—6 p. m.

4049. Yesterday we had lengthy discussion in Foreign Office with Warner, Assistant Under Secretary Jebb,¹ Wallinger² and Watson³ of Southern Department on Hungarian situation (See Deptel 2877, July 3⁴).

¹ Hubert Miles Gladwyn Jebb, Superintending Under-Secretary, United Nations Department, British Foreign Office.

² Geoffrey Arnold Wallinger, Head of the Southern Department, British Foreign Office.

³ John Hugh Watson, of the Southern Department, British Foreign Office.

⁴ Not printed, but see footnote 5, p. 332.

Re placing of Hungarian situation before UN, Foreign Office feels that General Assembly is a much better forum than the SC, as it is impossible to make out a real case that Hungarian situation is a menace to peace. Case could be taken to GA under Article 14, but there seems to be some uncertainty in Foreign Office thinking as to whether an approach to UN would be worthwhile.

Complications would arise immediately re admission to UN of satellite states including Albania. British feel that it would be inconsistent to admit these countries while making a strong indictment of them showing that in reality they are inadmissible.

Very careful consideration would have to be given to an indictment which would inevitably end up a first class arraignment of USSR. British think that nothing would be gained by "grudgingly" admitting these states, but in long run, Warner said, this course may have to be adopted, and its form should be severe criticism of countries in question, with admonition that they would have to behave better after being accepted in UN.

Foreign Office does not feel that abstention from voting on admission would have any effect, and Warner remarked that perhaps the best solution would be admission on assumption that these countries are "peace loving".

British think that if any case involving Hungary is presented to UN the charges should include those against Bulgaria and Rumania. The indictment would be based possibly on the denial of human freedoms as set forth in peace treaties. Present actions of three govts in question amount to tearing up this article of peace treaties in advance, and British feel very strongly that this is perhaps the best ground to take in general on any future arrogant attitudes by these states, and that they should be pinned down on each breach of Treaties' terms.

In general British feel that full publicity always should be given to every action taken by US and UK which insists on state's obligation under treaties, as it would amount to education of world opinion as well as proof that US and UK are not abandoning basic principles.

Warner remarked that there seems to be some divergence of view between US and UK policy re presentation of notes to these three countries when flagrant breaches of their obligations occur. He said that Dept apparently is of opinion that continued representations are of little value, but British feel that such representations should be made and full publicity given to them. In this connection he said that this point is essential in Britain as newspapers, because of newsprint lack, are inclined to publish little news of occurrences in these countries but editors will always print texts of official exchanges with these govts. British believe it is necessary to refute at once any effort on part of three countries to dispute their obligations under peace treaties.

Re July 21 note to Rumanian Govt on arrests of Maniu and other peasant leaders, Foreign Office felt it necessary to take immediate action as previous Rumanian note was "truculent and very rude," and Warner expressed hope that State Dept would back up this British action and, in general, would not stick closely to its policy of no further representations.⁵

In conclusion Warner said that British agree to Dept's suggestions in final paragraph of telegram under reference that announcement be made of US-UK discussion on all aspects of situation. He stated that he hoped that fullest publicity would be given to such announcement. He added, finally, a warning that US and UK, after the announcement, should be prepared to take subsequent action, but he had no ideas on what lines this should be and said that it would require careful consideration.

Foreign Office has shown us draft of telegram to British Embassy, Washington, on this subject.

It will be seen from the above that by and large British thinking has not yet crystallized in the face of changing events.

Sent Dept as 4049, repeated to Paris at 421, to Moscow as 251.

DOUGLAS

⁵ Regarding the British note referred to here, see the editorial note, p. 492.

864.00/7-2947 : Telegram

The Minister in Hungary (Chapin) to the Secretary of State

TOP SECRET

BUDAPEST, July 29, 1947—6 p. m.

1260. Yesterday I was again approached by representatives Smallholders Party, this time by persons of whose *bona fides* I can have no doubt, with view to obtaining funds from American sources to assist in coming electoral campaign. Feelers have also been made by Social Democrats and smaller Communist opposition groups. In each case my reply has been that it is policy of US Government that no government should intervene in internal political affairs of other countries. The inquirers have replied that while this attitude was understandable and even admirable in normal times for a world democratic power, the present situation in Hungary calls for special measures and that in line with US policy, announced in Truman Doctrine,¹ every possible step orthodox or unorthodox should be taken by US to counter intense Communist electoral propaganda. It was pointed out to me that Soviet

¹ The reference here is to the program for United States assistance to Greece and Turkey. For documentation on this subject, see vol. v, pp. 1 ff.

Government actively intervening in campaign, and from a separate source I learn today that Hungarian Communists have recently received gift of 50 car loads of newsprint from Soviets, which is undoubtedly to be used to flood country with pro-Communist campaign material.

With elections fixed for August 31, it would seem hopeless, regardless of a US non-intervention policy, to use funds so effectively as to change substantially outcome of elections. Moreover we would obviously not wish to single out any one element in opposition for support. Unfortunately, the opposition parties are still unable to unite.

At the same time I suggest that the Department may wish to give serious consideration to the possibility in the near future of using what are for this government untried and unorthodox methods of aiding anti-Communist forces in this country.

CHAPIN

811.516 Export-Import Bank/7-1747: Telegram

The Secretary of State to the Legation in Hungary

SECRET

WASHINGTON, August 1, 1947—7 p. m.

820. Board Directors Eximbank Jul 31 considered cotton credit (urtels 1195 Jul 17 and 1197 Jul 16¹) and decided to cancel credit for following reasons (1) at time credit negotiated Hungarian Govt was under nominal control non-Communist Smallholders Party. Subsequent political coup changed complexion Govt and also resulted in exile Hungarians who negotiated credit. While voluntary exile these persons does not destroy legal validity agreement signed Apr 30 1947 Board Eximbank originally approved credit partly because it had confidence in Hungarian negotiators who would also have administered credit once it was in operation (2) the two Hungarian banks to which credit extended are under threat nationalization and (3) info given Eximbank at time credit negotiated regarding available supply sufficiently at variance with info contained urtel 1195 to warrant reconsideration credit.

Since inquiry about status credit was raised in Budapest Bank and Dept opinion that you should inform Govt regarding cancellation.

Dept and Bank considering publicity and request your comments regarding appropriate time and procedure to be followed.

MARSHALL

¹ Telegram 1197, July 16, from Budapest is printed on p. 336; telegram 1195, July 17, is not printed, but see footnote 1 to telegram 1197.

Editorial Note

On August 4, Minister Chapin delivered a strong oral protest to Acting Foreign Minister Ernő Mihályfi on the arrest of Stephen T. Thuransky, an American citizen, and left with him an *aide-mémoire* on the subject. Thuransky had been arrested by Hungarian police on August 1 on the charge of "anti-democratic utterances". He was found outside the Budapest police jail on the night of August 2, beaten and unconscious, by Harrison Lewis, Secretary of the American Legation. Acting Foreign Minister Mihályfi's reply of August 4 to the American protest was regarded as unsatisfactory by the United States Government, and Minister Chapin was instructed to inform the Hungarian Foreign Minister to that effect. The United States Representative on the Allied Control Commission for Hungary also approached the Soviet Acting Chairman in connection with the case. For the texts of the exchange of notes between the United States and Hungary on the case and the Department of State's press statement of August 5, see the Department of State *Bulletin*, August 17, 1947, pages 330-332.

864.00/8-1147 : Telegram

The Minister in Hungary (Chapin) to the Secretary of State

SECRET

PRIORITY

BUDAPEST, August 11, 1947—7 p. m.

1353. Pongrácz Under SecState in Prime Ministry has informed Legation of his view that forthcoming elections represent last opportunity for US to halt Soviet Communist drive in Hungary. He pointed out that elections will be farce because of widespread disqualification of voters and in view fact coalition parties are all dominated by Communists. Pongracz also pointed out what is known locally as "Italian system" which involves prior distribution completed ballots in sealed envelopes to henchmen for use on election day following which regularly distributed ballot is returned blank to party headquarters, is already in use by Communist party. He also feels absentee ballot privilege will not be heavily utilized by Communists since other tactics will prove adequate.

Pongracz referred to numerous demands for [of] provincial Smallholders organizations for withdrawal of party from elections. He also stated his probable intention to resign about August 25 since he is unwilling to condone by his presence within the government the electoral farce which he emphasized no US note of protest can possibly alter. He did specifically suggest, however, that probably only means for US to exert pressure in the circumstances would be to bring Hungarian case before UN.

CHAPIN

Editorial Note

On August 13, the American Legation addressed a note to the Hungarian Foreign Ministry protesting the Hungarian Government's denial of responsibility in regard to restitution of American-owned property illegally transferred by it to the Soviet Government as "German assets". The Hungarian disclaimer of responsibility had been contained in a *note verbale* of July 24 to the American Legation. The texts of these communications were transmitted to the Department as enclosures to despatch 317, April 8, 1948, from Budapest, none printed (364.115/4-848).

864.00/8-1447 : Telegram

The Minister in Hungary (Chapin) to the Secretary of State

SECRET NIACT

BUDAPEST, August 14, 1947—3 p. m.

1383. Electoral lists were posted August 11 and confirmed earlier reports concerning widespread disfranchisement (mytel 1339, August 8¹ and previous). Smallholder *Kis Ujság*² published front page article August 12 reporting exclusions to 70% in some areas and placing extent of disfranchisement in Budapest at about 50%. Although this figure as published by partisan (and in this instance courageous) newspaper may be high, it is clear that disfranchisements have in fact reached scandalous proportions and in particular the manner of their execution has become farcical. Although accurate figures are not available it seems safe to say on basis of information available to British and ourselves that nationwide exclusions represent at least 20% of electorate which amounts to roughly one million persons or four times Minister of Interior's estimate and twice number mentioned by Lord Pakenham in House of Lords.³

According to electoral law persons disfranchised have until August 18 to appeal decisions and electoral boards then have until August 26 to review cases.

There has been very strong public reaction on this matter and there is now widespread apprehension among those disfranchised that subsequent use will be made by government of lists of persons disfranchised to reduce such persons in effect to status of second class citizens. There have been number of inter-party conferences on issue

¹ Not printed.

² Newspaper of the Hungarian Smallholder Party.

³ In a debate in the British House of Lords on August 5, on the forthcoming elections in Hungary, Lord Pakenham, the Chancellor of the Duchy of Lancaster, estimated the number of former Hungarian electors who would be disfranchised at between 250,000 and 500,000.

resulting so far only in instructions of Minister of Interior reported in press August 13 that those disfranchised may appeal within 8 days with documentary evidence supporting their appeals, but that those disfranchised on grounds of membership in Fascist organizations must produce document from political police to the contrary. This particular provision of electoral law incidentally has been one of those most frequently abused.

British ACC [*Acting?*] Political Representative ⁴ and I have been conferring on this matter and are agreed that action with respect to this issue is urgently required. We have concurred in the following recommendations as first step and Walsh is simultaneously submitting them to his government.

(1) Separate statements be made immediately by both British and American Governments (a) referring to reports which indicate widespread abuses of disfranchisement procedures of Hungarian electoral law which if not rectified will seriously affect representative character of forthcoming elections, (b) expressing concern of the British and American Governments over this development and stating that each government is watching developments closely and should US and British Governments concur, stating that their diplomatic representative in Budapest had been instructed to approach the Hungarian Prime Minister for information on this matter. Full publicity to be given over VA, BBC and other appropriate means at our disposal to this statement.

(2) Provided that British Government should concur in taking similar action, I should be instructed to call as soon as possible on Prime Minister and to express US Government's concern over reported abuses disfranchisement procedure and request information as to these abuses and as to steps taken to correct them if true. It would be Walsh's and my intention to make approach to Prime Minister jointly.

(3) A hint might be included in suggested statement to effect that should elections be held under such circumstances as now are forecast, serious doubts might be created as respects the British and American Governments whether the election was in fact a valid one.

Foregoing procedure will have advantage of indicating to Hungarian public our continuing interest as well as encouraging disfranchised persons to make every effort to recover their right to vote provided of course that statements to be made in Washington and/or London are made before August 18.

As we understand Hungarian Government is somewhat embarrassed by abuses and strong reaction thereto, proposed approach to Prime Minister might well reinforce government's willingness to correct these abuses substantially prior to elections. It would also, most importantly

⁴ James Mark Walsh, Acting British Political Representative. Political Representative Helm was in the United Kingdom for consultation.

provide requisite basis for ultimate nonrecognition of elections should this step be later indicated.

Foregoing is recommended as first step only, to be followed later by such action as circumstances may warrant. Subsequent action might include a proposal in the ACC to postpone elections pending correction of abuses which threaten to invalidate free and unfettered character of elections, which course has already been requested by Cardinal Mindszenty⁵ in a letter received yesterday by General Weems. Whatever later steps may be adopted it seems clear that action must be taken at present juncture in order to forestall later objections that we protest elections only on basis of their results, particularly since it appears to be intention of Communists in the circumstances to so arrange components of elections that voting procedure on election day, which they anticipate will be closely observed by foreign correspondents, will in fact be orderly and free from actual voting abuses.

Sent Department; repeated London 146.

CHAPIN

⁵ József Cardinal Mindszenty, Prince Primate of Hungary.

864.00/8-1447: Telegram

The Minister in Hungary (Chapin) to the Secretary of State

CONFIDENTIAL URGENT BUDAPEST, August 14, 1947—6 p. m.

1386. With campaign for Hungarian National elections on August 31 now under way, methods by which Communist Party seeks to gain full control of Hungarian political life become increasingly evident. One, the wholesale disfranchisement of non-Marxist voters on flimsy, illegal and often ridiculous pretexts obvious to entire population of Hungary. The other, the control exerted by Communist Party on its partners in the coalition as well as on some of the so-called opposition parties is just as real and dangerous but less evident to average voter.

The wholesale disfranchisement of voters has now assumed such proportions that it seems more than probable that the Hungarian elections will be a grim farce. It is impossible to tell exactly how many voters will be disfranchised but lowest estimate is 300,000 and highest and from all reports the most credible is over a million. Although disqualification of voters is officially carried out by registration committees (Összeiró Bizottságok) of which 90% are headed by members of Communist Party, in reality disqualification is made by so-called house chiefs (Hazmegbizottak) and block chiefs installed by Communists in Hungary in accordance with Soviet system. A voter is

disqualified by simple process of house chief making a charge against the person on the registration blank (Összeiró IV). These charges are usually appallingly frivolous and the committees do not even take trouble to make their excuses feasible. For example, a large number of Jews have been disqualified on the basis that they have been members of Nazi organizations, old women have been charged with being prostitutes, women have been disqualified on grounds that they were members of the *gendarmérie*, thousands have been classified as mentally deranged, working people have been charged with having owned large estates and when no other reason could be given committees have disqualified voters on basis of non-existent provisions in electoral law. It is an interesting coincidence that the overwhelming majority of disfranchised voters are not distinguished for pro-Communist sympathies.

Appeals against disfranchisement are theoretically possible but are in practice of no avail, as burden of proof of right to vote rests upon the citizen and it is therefore necessary for him to produce official documents proving the charges against him to be untrue. Such documents can be obtained only through expenditure of time and money and through the assistance of influential persons and must then be delivered to State Defense Department of Police which is controlled by the Communist Party. The Communist Minister of Interior Mr. Rajk has issued a directive ordering authorities to correct mistakes made in disqualification of voters, directing that appeals must be made to special committees within 8 days. The inefficacy of this directive is demonstrated by the obvious impossibility for the committees of appeal to investigate hundreds of thousands of cases within 8 days, even should disfranchised voters be able to obtain official documents disproving charges against them.

Communist pressure upon disfranchised voters is further illustrated by fact that many citizens who have been disfranchised have received cards from Communist Party inviting them to visit local Communist headquarters if they wish to have charges withdrawn.

The more subtle and less evident strategy of Communist Party is aimed at insuring their control of new Parliament regardless of the results of the balloting. By means of an inter-party agreement, reluctantly accepted under Communist pressure, Communists in effect have power to supervise the lists of candidates prepared by other parties in coalition. In practice this means that Communist Party decides who shall and who shall not be a candidate on slates of other coalition parties. Furthermore Communists through the Left Wing leaders of Smallholders Party successfully control that majority party. Rank and file of the Smallholders and Social Democratic Parties is in bitter

opposition to policies of their own leaders but has no voice in the party councils. No one suspected of anti-Communist convictions has a chance of becoming a party candidate. Thus those Smallholder deputies numbering 127 who belonged to Committee for Defense of Constitution have no possibility of being placed on their own party slate. Smallholders Party had been slow to announce its slate due to this necessity of finding candidates who are both satisfactory to Communist Party and who will be accepted as candidates by local party organizations of the several constituencies. Fourth party of coalition, smaller Peasant Party has evolved as a Communist Front Agrarian Party.

With respect to opposition parties it is clear that Communist Party has gone out of its way to prevent a united opposition by approving formation of number of new parties and their electoral activities, so long as they show no signs of uniting all Hungarian opposition elements. Furthermore some of these parties have shown evidence of adopting a policy of so-called "loyal opposition".

Average Hungarian citizen is therefore discouraged by grave dilemma in which he is placed. In first place he is confronted with threat of unjust and illegal disfranchisement. If he is fortunate enough to retain his right to vote, he must choose between voting for a coalition party subservient to Communist domination or for a small opposition party outside administration. If he makes latter choice he may well feel that he is serving purposes of Communist Party by voting for an already divided and atomized opposition. Furthermore in voting for an opposition party which in future might demonstrate sufficient strength to incur enmity of administration, he runs risk of possible reprisals similar to those experienced by adherents of recently disbanded Freedom Party (Szabadság Party); lastly he is faced with problem of distinguishing between those opposition parties which genuinely represent Hungarian aims and ideals, those which serve merely as convenient camouflages for Communists.

CHAPIN

864.00/8-1547: Telegram

The Chargé in the United Kingdom (Clark) to the Secretary of State

SECRET PRIORITY

LONDON, August 15, 1947—2 p. m.

4411. We had long discussion with Wallinger and Watson yesterday evening on Hungary, particularly regarding issuance of joint statement by US and UK that discussions were taking place. (See Embtel

4360, August 12¹) Foreign Office is willing and desirous that statement be issued along parallel lines but thinks they should not be in identical language. Foreign Office would like to see statements issued middle of next week, so that their full effect would be felt in Hungary before the elections.

In so far as taking case to UN is concerned, these officials were cautious but did not exclude advantages to be gained thereby. They said in confidence that "higher-ups" in Foreign Office were not convinced that it would be advantageous, linking it up with the admission of Eire and Portugal to UN—the train of thought being that if Hungarian case were presented, Hungary would obviously be ineligible for membership and USSR would oppose entry of Eire and Portugal.²

We agreed that if we let it be known before elections that the problem would be brought before UN, it might inspire the now cowed Hungarian masses. The question of anti-Communist leaders becoming inspired to foolish acts was raised, but in this case it is known that the highly individualistic Hungarian peasants are almost solidly against Communism, and their leaders would take their cue from the people and not from any action or statements by the US or UK.

In conclusion, officials said that Foreign Office could not find any specific appropriate article of UN charter under which Hungarian situation could be effectively raised, adding that action under article 14 is excluded by [*as?*] this article is very vague. They wondered if the Department had any ideas on this subject.

Sent Department 4411; Repeated Budapest 82.

CLARK

¹ Not printed.

² On August 18 and 21 and again on September 29, 30, and October 1, the United Nations Security Council considered Hungary's application for membership in the United Nations. In each case, Hungary failed to be recommended for membership by the Security Council. For documentation regarding the attitude of the United States on the admission of new members to the United Nations in 1947, see volume I.

Editorial Note

In a statement issued to the press on August 17, the United States Government expressed concern regarding Hungarian electoral abuses and requested the end of unwarranted disfranchisements. For the text of the statement, see Department of State *Bulletin*, August 24, 1947, page 392. A similar statement was issued by the British Government.

864.00/8-1847 : Telegram

The Minister in Hungary (Chapin) to the Secretary of State

SECRET

URGENT

BUDAPEST, August 18, 1947—6 p. m.¹

1404. This afternoon British representative and I together called on Prime Minister Dinnyés as instructed Deptel 886, August 16² to urge Dinnyés to correct on behalf of Hungarian Government prevailing electoral abuses. Prime Minister seemed concerned by prospect that my written request for an interview and the copy of the translation of Department's statement which I handed him constituted a formal note and stated that since Hungarian Government would have to draft official reply, he could not add to statements which he had made Saturday in public address at Pécs. Only after he understood the real nature of my communication and the Department's statement did Prime Minister seem to loosen up.

Dinnyés quoted official statistics made available Saturday noon and listed in his Pécs speech according to which only 466,853 voters disfranchised of Hungarian electorate numbering 5,293,987 voters and emphasized that 170,000 of these were Swabs scheduled for deportation. Appearing to echo his master's voice Dinnyés stated that anti-democratic elements had spread all sorts of irresponsible rumors concerning scope of disfranchisement and emphasized that liberality of implementation of new electoral law indicated by fact that some 600 to 700,000 voters might legally have been disfranchised under provisions of new electoral law.

Dinnyés remarked that he personally knew of great many persons disfranchised on clearly absurd grounds. However he attributed such abuses to (1) inefficiency of new Civil Service which had to be re-established without benefit of trained personnel, necessary records and files and (2) megalomania of petty officials on registration committees. Prime Minister explained that unfortunately an unusually large percentage of disfranchisements had taken place in electoral districts in greater Budapest and that this fact, coupled with activity of anti-democratic elements had given rise to unwarranted fears.

Prime Minister emphasized that although it was obviously impossible to attain absolute justice, it was in interest of government and consequently its firm determination to hold free and fair elections. He added that already (1) Hungarian Government has issued in-

¹This message was received in the Department of State on August 22, 6:44 p. m.

²Not printed; it instructed Minister Chapin, in concert with his British colleague, to request an interview with Prime Minister Dinnyés to express concern over abuses in the electoral procedure and to urge steps be taken to remedy them. Chapin was to conduct the discussion along the lines of the statement issued by the Department on August 17 (see editorial note, *supra*) (864.00/8-847).

structions to committees of appeal automatically to restore franchise to all persons disqualified on obviously absurd charges and that committees of appeal, whose membership is considerably larger than that of registration committees, were well prepared to make the necessary corrections. (2) That remainder of the 300,000 disfranchised would be given every legal opportunity to appeal decision of registration committees. (3) For whole week he had devoted entire time to correction of anomalies. (4) Committees of appeal had been instructed that 8-day limit for filing appeals need not be observed too strictly.

Though unwilling to provide estimate of the scope of government's remedial measures Prime Minister expressed the hope that 40 to 50 percent of the disqualified voters—not including the Swabs—will regain their franchise.

In conclusion and in response to Walsh's direct question, Prime Minister stated that he could assure us that all necessary steps were being taken.

Sent Department 1404 repeated London 194.

CHAPIN

864.00/8-1847: Telegram

The Acting Secretary of State to the Legation in Hungary

SECRET URGENT

WASHINGTON, August 22, 1947—5 p. m.

907. Following is outline Dept's position re recent broadcasts by Nagy over VA (urtel 1403 Aug 18¹) to Hung people:

Several weeks ago Nagy inquired whether Dept would grant him time over facilities VA to address personal message to Hung people. In conviction that Hung people were entitled hear directly evidence bearing on recent political crisis from former leader freely-elected majority party and principal political figure concerned, Dept decided grant request on understanding Nagy spoke for himself only and his remarks represented his personal views. This was clearly stated at beginning and end broadcast. In granting this permission, Dept merely made facilities available for free expression opinion and did not thereby endorse content Nagy's statements. Freedom of speech is regarded in

¹ Not printed; it reported that Hungarian Prime Minister Dinnyés had inquired of Minister Chapin concerning the circumstances of recent broadcasts to Hungary by former Prime Minister Nagy over the Voice of America (864.00/8-1847). The broadcasts had been made on August 22. Telegram 1398, August 16, from Budapest, not printed, reported on the reaction to these broadcasts in part as follows:

"Ferenc Nagy Voice of America statements received locally with great interest. Granting to [by?] Dept of broadcasting facilities, accepted widely as indication of combined [continued?] US interest in Hungarian developments, generally viewed as unusually significant and is, therefore, exciting greater comment than content of Nagy messages which appeared largely defensive in character."

US as fundamental and precious right, and Nagy's entry US was in no way conditioned on his remaining silent and thereby renouncing that right. In circumstances, action of Dept in permitting Nagy utilize VA facilities, only channel available for directly addressing Hung people, accords fully Amer tradition of freedom political expression. Dept does not consider precedent has been set and will continue accordance that tradition to make its radio facilities available for free expression views at such times as may, in its judgment, be appropriate.

Dept perceives no necessity for Leg take initiative in replying PriMin's informal inquiry but if latter renews approach re matter, you may inform him of US position along lines foregoing.

LOVETT

864.00/8-2647

*Statement Issued to the Press by the United States Legation in
Hungary, August 26, 1947*¹

In response to inquiry by American correspondent concerning events of August 25 at Csongrad in course of which Zoltán Pfeiffer former deputy and presently leader of Hungarian Independence Party and Tamás Keresztes fellow candidate of Pfeiffer group were beaten and seriously injured, US Legation spokesman today made following statement:

US Legation is astonished to learn that in course of an authorized political meeting of Hungarian Independence Party at Csongrád on August 25 the two principal speakers Mr. Zoltán Pfeiffer and Mr. Tamás Keresztes both former deputies of Hungarian National Assembly were set upon and badly beaten. This event is all the more disturbing inasmuch as it is understood that Minister of Interior had assured Mr. Pfeiffer of the security which would be afforded him in holding a meeting at Csongrad, following similar disturbances at Szentes the same day. It may be noted this is not first of such disturbances within recent months.

While US Legation does not favor the fortunes of any particular Hungarian political party in present election campaign and has consistently avoided any action which might be construed as interference in the campaign, it does view with serious concern developments within Hungary which indicate either inability or unwillingness of Hun-

¹ The source text was transmitted to the Department in telegram 1433, August 26, from Budapest, not printed. Telegram 1466, August 30, from Budapest, not printed, reported that the Hungarian Minister of Information had read a declaration to foreign correspondents on August 28 rejecting the Legation's statement "with astonishment and deep regret" and insisting that the electoral campaign was "absolutely quiet and peaceful". (864.00/8-3047)

garian Government to ensure fundamental rights of freedom of speech and of assembly to duly authorized groups participating legitimately in current election campaign. These rights are guaranteed by [to?] the Hungarian people by peace treaty already signed by Hungarian Government and were envisaged in Yalta Declaration to which US Government is a signatory.

864.00/8-3147: Telegram

The Minister in Hungary (Chapin) to the Secretary of State

SECRET

BUDAPEST, August 31, 1947—11 p. m.

URGENT NIACT

1467. On basis unimpeachable information received and observations made by Legation and US Representative ACC today, it is overwhelmingly manifest that today's elections have included carefully planned fraud which is assuming proportions of nationwide scandal.¹ Apart from matter of disfranchisements already reported, outstanding feature of voting was abuse by Communists of Article 17 of electoral law permitting voting at place other than domicile. Voters balloting outside own district were required to present blue certificate signed by chairman of home board stating voter qualified to exercise franchise. As yet, undetermined number of such certificates, signed and sealed, but with data concerning voter omitted, as well as completed certificates, apparently in names nonexistent persons, were distributed wholesale. In average cases known to Legation and US Representative ACC, Communist voter was given 20 to 30 such certificates with instructions to use them. Both Legation and US Representative ACC observers have been informed by multiple voters that certificates were distributed to them by Communists although in some cases apprehended multiple voters alleged they had received certificates from other parties, including opposition. In view of fact these certificates were printed in State Printing Office and then delivered to custody Communist Minister of Interior, who was responsible for their utilization, assumption that this fraud was perpetrated by Communists appears fully warranted. Both Legation and US Representative ACC are in

¹ Telegram 1503, September 5, from Budapest, not printed, reported the results of the Hungarian national elections, based on official figures released by the Ministry of Interior, as follows: Communist Party—22.25 percent; Independent Smallholders Party—15.38 percent; Social Democratic Party—14.88 percent; National Peasant Party—8.3 percent; Democratic Peoples Party—16.42 percent; Hungarian Independence Party—13.4 percent; dissident members of the Smallholders Party—5.26 percent; Hungarian Radical Party—1.78 percent; Christian Women's Camp (Schlachta)—1.39 percent; Democratic Citizens Party—1.05 percent. Approximately 5,200,000 votes had been cast (864.00/9-547). The official figures were slightly revised in later Government statements. The first four parties listed here comprised the electoral bloc of the parties in power.

possession of numbers of blue certificates, both completed and blank, constituting prima facie evidence of fraud.

Legation and US Representative ACC personnel observing elections blanketed country today and collected overwhelming masses evidence conclusively proving scandalous fraud based on great numbers last-minute disfranchisements amounting to 20% and over in some places, and multiple voting amounting to 25% and above in some localities. This evidence, which includes blue certificates, copies of official protests by all parties participating in elections except Communists, lists of votes cast showing nonresident vote et cetera, indicates fraud possibly reaching over 600,000 votes, and is being assembled by Legation now for telegraphic transmission to Department as soon as possible.

Please pass to War.

Sent Department, repeated London as 156, Paris as 214. Department please relay to Moscow as 136.

CHAPIN

864.00/9-547

*Memorandum of Conversation, by Robert M. McKisson of the
Division of Southern European Affairs*

CONFIDENTIAL

[WASHINGTON,] September 5, 1947.

Mr. Cecil¹ called at his request this morning with regard to the recent Hungarian elections. Mr. Cecil said that it was the impression of the Foreign Office that Mr. Helm, British Political Representative in Budapest,² had arrived at somewhat different conclusions regarding the prevalence of abuses in the voting than had Minister Chapin. Mr. Helm had reported, Mr. Cecil said, that the Hungarian election proceedings had been unexpectedly free, that the abuses which had taken place had done the Communists and the Soviets more harm than good and had aroused, and to some extent unified, anti-Communist opinion. Mr. Helm had also expressed the opinion that further favorable developments in the situation would not be helped by official intervention on the part of the British Government. Mr. Cecil explained that the Foreign Office desired to keep in close step with the Department in the matter of any attitude or action to be taken with respect to the Hungarian elections and indicated that he would appreciate information as to the Department's views on the conduct and results of the elections. He indicated that the Foreign Office felt that it might be wise to refrain from any formal statement or action in protest against the elections and to let the anti-Communist elements in Hungary stand

¹ Robert Cecil, First Secretary of the British Embassy.

² On September 17, Alexander Knox Helm was appointed British Minister to Hungary. He presented his credentials in mid-October.

on their own feet in this instance. Mr. Cecil left with me, for the Department's information, copies of two telegrams³ from Mr. Helm in Budapest on the Hungarian election situation.

I informed Mr. Cecil that the Department was in the process of getting full details concerning the elections in Hungary. I said that it was our impression, on the basis of information thus far received, that abuses in voting had been widespread and flagrant, particularly in the matter of disfranchisements and multiple voting, but that, in any event, the present show of independence by the other parties against the Communists was rather encouraging. I thanked him for the copies of Mr. Helm's reports and added that we would try to give the Embassy at an early date a more definite indication of our attitude toward the elections and resulting developments.

³ Neither printed.

864.00/9-647 : Telegram

The Minister in Hungary (Chapin) to the Secretary of State

SECRET URGENT

BUDAPEST, September 6, 1947—9 a. m.

1510. Cardinal Mindszenty in confidential communication¹ addressed to me today emphasized that the bench of Catholic Bishops, representing 70 percent of nation's population, has declared itself disinterested in recent elections. The church has no connection with Barankovics, Democratic Peoples Party, Mindszenty's letter stated, nor does it recognize party [apparent omission] Weltanschauung. Election results, he added, do not indicate strength of party and emphasizes [apparent garble] that main body of Hungarian population fed up with coalition.

Democratic Peoples Party, Mindszenty stated, without authorization engaged in whispering propaganda to effect that theirs is the long awaited Catholic Weltanschauung Party, which enjoys support of both Prince Primate and Bench of Bishops. Party, however, did not dare put up candidate in Esztergom and was able to obtain only three mandates in Budapest. In more distant areas, however, it was able successfully to mislead population. Barankovics Party pro-Moscow, Mindszenty stated, and though purporting to represent Catholic Weltanschauung, is not under direction of church.

Mindszenty stated purpose of his communication is to prevent great powers from erroneous evaluation of Barankovics' party in considering question of declaring recent elections null and void.

CHAPIN

¹ The communication under reference was transmitted to the Department as an enclosure to despatch 3391, September 8, from Budapest, neither printed (864.00/9-847).

864.52/7-2147 : Telegram

The Secretary of State to the Legation in Hungary

CONFIDENTIAL

WASHINGTON, September 12, 1947—4 p. m.

976. Following for Leg's info and comments are Dept's views re Hun land reform (urdes 3275 July 21 and 2477 Jan 22¹) as it affects property US nationals:

1. In principle, Dept has taken position that Hun Govt obligated under Art 13 Armistice restore properties US owners expropriated under land reform, and this obligation continues to bind Hun Govt under Art 26 (1) of Peace Treaty.

2. As practical matter, however, continued insistence by US on return of properties is, as experience thus far has shown, likely be fruitless, and even if properties now returned, could legally be retaken under land reform law.

3. In light foregoing, Dept would be disposed refrain from further challenge right of Hun Govt to expropriate US properties under land reform provided Hun Govt would enter into negotiations at early date with view providing prompt, adequate and effective compensation to US nationals whose property has been taken under land reform. While efforts at settlement along this line have proved ineffective to date, believed advisable renew representations this character upon the coming into force of the Treaty. What is Leg's view?

4. In connection above line of approach, question arises whether negotiations, if arranged, should be confined land reform cases or made sufficiently broad to include reference all claims US nationals.

5. Ultimate possibility should be kept in mind this connection that, should other means not be agreed upon, US might obtain at least partial compensation for land, together with other unsatisfied claims under Art 29, from Hun assets available to US under that Article of Treaty.

MARSHALL

¹ Neither printed.

740.00119 Control (Hungary)/9-2547

*The Chief of the United States Representation on the Allied Control Commission for Hungary (Weems) to the Acting Chairman of the Commission (Sviridov)*¹

SECRET

[BUDAPEST,] September 15, 1947.

DEAR GENERAL SVIRIDOV: In view of the approaching dissolution of the Allied Control Commission for Hungary,² I desire to place on record the views of my Government regarding the activities of the Allied Control Commission for Hungary during the Armistice regime.

Throughout the period of the operation of the Allied Control Commission for Hungary, directives have been issued in the name of the Allied Control Commission either on the initiative of the Soviet element of the Allied Control Commission or under orders of the Allied (Soviet) High Command without my knowledge or approval, and at times in spite of my protest. In certain instances my requests for action have been refused or disregarded by the Soviet element of the Allied Control Commission. As a consequence, rights and interests of the United States and its nationals as well as those of nations not represented on the Allied Control Commission have been jeopardized or impaired.

It is my Government's position that directives, decisions, or actions taken without the concurrence of the American Representative cannot be regarded as having foreclosed the situation with respect to rights and interests of the United States and its nationals or as to the obligations of the United States towards other powers under the Armistice or the Treaty of Peace. Except in those instances where my Government has signified its acceptance of such decisions and actions, my Government reserves the right to reopen pertinent questions under whatever procedure, established by the Treaty of Peace or otherwise, may be appropriate.

¹ The source text was transmitted to the Department of State as an enclosure to despatch 3454, September 25, from Budapest, not printed. The despatch described this letter as General Weems' final communication to General Sviridov. General Weems' letter was based upon instructions contained in War Department telegram WARX 97667, May 8, to Budapest, not printed, a copy of which was also included in the despatch under reference.

In a letter dated September 18, General Sviridov replied to General Weems as follows:

"In reply to your letter of 15 September, I find it necessary to state that I cannot agree with the point of view expounded in the above-mentioned letter concerning the activity of the Allied Control Commission, since this point of view does not represent the true state of affairs. I have to observe in this connection that the work of the Allied Control Commission was conducted in accordance with the Armistice Agreement with Hungary, signed by the representatives of the Soviet Union, the United States and Great Britain."

² Upon the deposit of ratifications of the Treaty of Peace with Hungary in Moscow on September 15, the Treaty went into effect, the armistice regime ended, and the Allied Control Commission went out of existence.

A copy of this communication has been sent to the American Legation in Budapest for its information to serve as a basis for appropriate action in the future. A copy has also been sent to my British colleague. With assurances [etc.]

GEO. H. WEEMS

111.99
64

*Final Report by the United States Military Representative on the Allied Control Commission for Hungary (Weems)*¹

SECRET

[BUDAPEST,] 15 September 1947.

1. *Scope of Report.*

This report, covering the period from assumption of duties by Brigadier General George H. Weems to the dissolution of the Allied Control Commission for Hungary (5 July 1946–15 September 1947), supplements the report of Major General William S. Key which covers the period from the activation of the United States Representation to the relief of General Key by General Weems.² Below are summarized the important developments in Hungary, together with activities of the Allied Control Commission, during the period of present report, with emphasis on the nature of United States participation. Organization and administrative activities of the United States Representation and a brief note on relations with other representations, are described in Annexes "A" to "E", as indicated in the Table of Contents.³ The final meeting of the Allied Control Commission for Hungary on 15 September 1947 was held too late for incorporation in the text of this report; the minutes are added as Annex "I".⁴ Most of the matters summarized in this report have been described in detail in previous communications to War Department agencies having primary interest, in accordance with standing operating procedure.

2. *Political Developments.*

The first of July 1946 found the five-months-old Hungarian Republic facing its first serious crisis, as a result of a demand by Allied

¹ Copies of this Final Report were transmitted to the Department as enclosures to despatch 3448, September 25, from Budapest, not printed. Other copies of the Report were forwarded to the War Department.

² General Key's report is not printed.

³ The Table of Contents of this Report has been omitted. Except as is indicated below, the annexes to this Report are not printed. These annexes dealt with the organization of the American Representation on the Allied Control Commission, its administration and communications, the work of the Graves Registration Unit in Hungary, the repatriation of Hungarians, the expatriation of Swabians from Hungary, the restitution of Hungarian property, relations of the American Representation with other representations, and the minutes of the final meeting of the Allied Control Commission on September 15.

⁴ Not printed.

Control Commission Deputy Chairman, General Sviridov, that the Government purge itself and other organizations of alleged reactionary and anti-Soviet elements. British and American protests in the Allied Control Commission against this unilateral action were dismissed on the grounds that the threat to Soviet Occupation Forces had required immediate action. Thus the position of the Smallholder majority in Parliament was weakened and machinery of political police control under the Communist-dominated Interior Ministry gained speed, reaching high gear by the year's end, when evidence appeared that hundreds of persons accused of plotting against the Hungarian Republic had been arrested. Discussion in the Allied Control Commission emphasized Soviet insistence that only Hungarian internal affairs were involved.

Implication of Smallholder Secretary Béla Kovács in the alleged plots tightened on 4 March 1947 with announcement of his arrest by the Soviets on charges of conspiracy against the Occupation Forces. Essential security measures were the reasons cited in the Allied Control Commission. Meanwhile the Hungarian People's Court was sentencing alleged plotters to long imprisonment and, in a few cases, death.

Prime Minister Ferenc Nagy left an outwardly calm Hungary for a Swiss vacation in mid-May, leaving his Communist Deputy, Rákosi, in charge, but the storm broke when General Sviridov, in refusing a request Nagy had made earlier for custody of Kovács, handed over alleged confessions by Kovács and others to Rákosi. After communicating with Budapest by telephone, Nagy resigned and fled to America, strengthening Communist propaganda that he was implicated by Kovács' confession. Repeated demands by United States and British representatives on the Allied Control Commission for copies of pertinent documents were bluntly refused by Sviridov on grounds that only Hungarian internal affairs were involved. Similar reasons were given in Moscow.

After a flurry of Smallholder resignations the situation was stabilized by 2 June 1947 with the appointment of Lajos Dinnyés, a malleable Smallholder, as Prime Minister. On 24 June 1947 a White Paper gave the Government version of the alleged conspiracy, but no evidence for the defendants was included.

The two months preceding the 31 August 1947 elections were without political incident on the Allied Control Commission level; a United States note concerning widespread disenfranchisement of non-Marxists was delivered and rejected through diplomatic channels. The elections themselves were quiet and orderly. Opposition objections shifted from charges of disenfranchisement to vigorous protests against the highly organized system of multiple voting by which the Communists ob-

tained a 22 percent plurality. Marxist Social Democrats, having polled 15 percent, were also bitterly critical of election abuses, demanding an arbitrary 30 percent plurality and certain Ministerial posts (including vital Interior) as the price of concurrence. As this report is written, Sviridov is said to have taken a hand in the game, and the outcome is not yet clear.

3. *United States Beneficial Interests in Alleged German Property Expropriated by Soviets.*

Throughout the period of this report, the United States Representative had frequently to request return of property claimed by American citizens which the Soviet Union had expropriated as German external assets. The Soviet position, based on Potsdam,⁵ maintained the right to expropriate apparently German assets without United States participation in the proceedings. Sviridov, however, professed complete willingness to restore interests later proved to be American. The United States position, based on Article 8 of the Armistice Agreement,⁶ insisted on tripartite machinery for authorizing any German property transfers by the Hungarian Government. Failing to establish this, the United States Representative's efforts were directed to restoration of American interests, and agreement was obtained on 15 August 1947 to the appearance of American and British officers at hearings conducted in theory by the Hungarian-Soviet Reparations Commission (in practice by Soviet representatives only). This procedure might possibly have resulted in return of some property had the American claimants been able to produce satisfactory proof of ownership, but evidence available consisted largely of affidavits and left many gaps from the Soviet point of view. Production of acceptable evidence was complicated by inability of the United States element of the Control Council for Germany under its terms of reference, to concern itself with specific cases involving German external assets. The dissolution of the Allied Control Commission leaves unsettled some half dozen cases of this type.

4. *Entry and Exit Clearances.*

The mechanics of obtaining entry and exit clearances for United States citizens absorbed much administrative effort by the United States Representation and much discussion in the Allied Control Commission. Unlike most matters with which the Allied Control Commission was occupied, clearances involved no jurisdictional battles;

⁵ See Part III of the Protocol of the Proceedings of the Berlin Conference, August 1, 1945, *Foreign Relations, The Conference of Berlin (The Potsdam Conference)*, 1945, vol. II, p. 1485.

⁶ For the text of the Armistice Agreement between the United States, the Soviet Union and the United Kingdom and Hungary, signed at Moscow, January 20, 1945, see Department of State Executive Agreement Series No. 456.

the right of the Soviet Occupation Forces to control entry and exit was accepted *de jure*. It was necessary, however, to exert considerable pressure in order to expedite action in many individual cases.

Although the Soviet attitude toward granting clearances fluctuated somewhat with political conditions, the purpose of the applicant's visit was generally the guiding consideration. United States military and State Department personnel for duty in Hungary were usually cleared promptly. Miscellaneous military and diplomatic requests followed no particular pattern. Press representatives were invariably given prompt clearance until the pre-election period, when delaying tactics were employed, and some were never cleared. American business men were denied clearance in 75 cases out of 100, and relief workers encountered even greater difficulties. Compassionate or family visits were almost invariably denied.

5. *Restrictions on Flights of United States Military Aircraft.*

An important matter of principle was involved in an arbitrary reduction, in August 1947, of flights by United States military aircraft into and over Hungary and other Soviet-occupied areas. As long as ample air support was available to the Mission, the United States Representation had accepted *de facto* the right of the Occupation Forces to control aircraft flights by means of clearances. This reduction, however, appeared to be in contravention of paragraph 5 of Annex I to the text of the Potsdam Agreement.⁷ A formal protest which had been prepared was withheld, however, in view of information from the War Department which indicated that the matter was being considered on a governmental level.

6. *Commercial Aircraft Agreements.*

At the instance of the American Legation considerable pressure was applied for initiation of interim United States commercial airline operations in Hungary, but the Hungarian Government professed inability to proceed without Allied Control Commission approval. The Soviet element on the Allied Control Commission consistently blocked negotiations under various pretexts. In late July 1947 a request by the Soviet-Hungarian airline Maszovlet for a single overflight of United States-occupied territory was denied by the United States Government; the result was tentative Hungarian offers of reciprocal arrangements, subject to Allied Control Commission approval, but the United States Legation had not requested further action in the Allied Control Commission at the time of dissolution.

⁷ *Foreign Relations, The Conference of Berlin (The Potsdam Conference), 1945*, vol. II, p. 1494.

7. *Visits to Hungarian Army Units.*

During the spring and early summer of 1947, repeated requests for permission to send United States officers to visit Hungarian Army units were flatly refused by the Soviet representative on the Allied Control Commission as contrary to Occupation Forces policy, despite the provisions of Article 1(d) of the Armistice Agreement. Sviridov finally stated that the difference of views could only be reconciled on a governmental level, and a proposed note was accordingly transmitted to the United States Minister and to the War Department.⁸

8. *Other Matters with which the Allied Control Commission was seized.*

The past fourteen months have seen the following additional matters of interest to the United States discussed in the Allied Control Commission:

Soviet interference with Swabian deportation (Annex "F"⁹) and with repatriation of Hungarian nationals (Annex "E"¹⁰), confiscation of the Hungarian edition of Count Ciano's Diaries, suppression of American-Hungarian newspapers, formation of new political parties, procurement of various reports from the Hungarian Government, and misrepresentations in the Hungarian press. The Soviet Deputy Chairman handled these matters with a skillful but superficial appearance of frankness and logic; when pinned down, however, he had recourse to standard evasive tactics discussed in paragraph 9 below.

9. *The Issue of United States Participation in the Allied Control Commission.*

Fundamentally, the issue between the United States Representative and the Soviet Deputy Chairman had to do with extent of United States participation in the actual machinery of the Allied Control Commission. The American position called for full tripartite concurrence in all Allied Control Commission decisions, under the provisions of Article 18 of the Armistice Agreement. Unfortunately, the Armis-

⁸ The proposed note under reference here and a summary of the correspondence and discussions on the subject of attempts of United States representatives to visit Hungarian military units and installations were transmitted to the Department in telegram 1413, August 22, from Budapest, not printed. Telegram 948, September 5, to Budapest, not printed, stated that in view of the impending entry into force of the Peace Treaty with Hungary, the Department of State was not disposed to make representations to the Soviet Union regarding the denial by General Sviridov of the right of General Weems to inspect Hungarian military units. The Department considered it preferable to defer further action on this issue until the Peace Treaty had come into effect (740.00119 Control (Hungary)/-8-2247). For documentation regarding the efforts of the United States to secure implementation of the treaties of peace with Hungary, Bulgaria, and Rumania, see pp. 1 ff.

⁹ *Post*, p. 374.

¹⁰ *Infra*.

tice Agreement is worded so loosely that the policies of the Allied (Soviet) High Command could be cited with some color of legality to block most United States proposals. The Statutes of the Allied Control Commission, so called, (which were noted but not accepted by the United States and the United Kingdom at Potsdam as Annex I to the text of the conference) were also cited when the Soviet element found them convenient. And when the printed word failed him, the Deputy Chairman used the whole arsenal of Soviet diplomacy: delays, appeals to higher authority, failures to reply, pleas as to the unavailability of information, the *fait accompli*, and so forth. It cannot be said that United States participation in the actual workings of the Allied Control Commission was ever successfully established; however, certain concessions, such as freedom of movement for United States personnel in Hungary, were occasionally obtained in practice as a result of persistent pressure.

On 15 September 1947, in the light of the impending dissolution of the Allied Control Commission, the United States Representative handed to the Soviet Deputy Chairman a letter in the sense of WARX 97667 of 8 May 1947, stating that the United States, in view of unilateral Soviet action on the Allied Control Commission, reserves the right to re-open any matter wherein American interests were jeopardized or impaired by Soviet action which was not accepted or concurred in by the United States.¹¹

10. *Conclusion—Evaluation of United States Participation in Allied Control Commission.*

During the period of this report the hold of the Hungarian Communist Party and its Soviet masters was strengthened tremendously. United States interests have suffered, both materially and ideologically; it could not be otherwise in a Soviet-occupied country. However, it is the considered opinion of the undersigned that the United States Representation on the Allied Control Commission, together with that of the United Kingdom, successfully performed some of the functions of an opposition party in limiting overt manifestations of Soviet power. The necessity for preserving at least an appearance of legality in the Allied Control Commission has restricted the Occupational Forces to some sort of compliance with the Armistice Agreement. It is believed that the way is still clear, should the United States Government determine that the effort is worth while, to establish effective bonds between Hungary and the Western Powers under the terms of the Treaty of Peace which comes into force today.

GEO. H. WEEMS
Brigadier General, U. S. Army

¹¹ General Weems' letter under reference is printed *supra*.

[Annex "E"]

REPATRIATION OF HUNGARIANS

The repatriation movement which began in September 1945 ran quite smoothly as far as it concerned United States and Hungarian authorities, but difficulties were frequently caused by Soviet interference. The Soviets interrupted the movement in June 1946 and refused to let trains coming from United States zones pass through the Soviet zone of Austria. This was apparently done in retaliation for the suspension of the Swabian expatriation movement by the United States (see Annex "F" ¹²). As soon as the expatriation movement resumed, the Soviets permitted the resumption of trains of Hungarian repatriates. However, instead of six or seven trains a week as were formerly cleared, the Mission was successful in obtaining clearance for no more than two trains a week. Up to 1 July 1946 a total of 232,000 Hungarian repatriates were brought back to Hungary, whereas in the period from 1 July 1946 to 31 May 1947 a total of only 18,499 repatriates actually returned from the United States zones.

In July 1947 the Communist-inspired Hungarian press attacked the repatriation policy of the Western Powers. The following corrective press release prepared by the United States Military Mission received some publicity and will serve as a summary of the situation :

"Recent articles in certain local papers have stated that the Hungarian Government has appealed to the Western powers for the release of Hungarian prisoners of war still held in the Western Zones.

"For the proper information of the public, the following information is released by the United States authorities :

(1) There are no Hungarian prisoners of war in United States custody.

(2) Contrary to recent publications in the local press, the appeal or request for release of POW's has never been received by United States authorities in Germany, Austria or Hungary.

(3) There are still an estimated 30,000 Hungarian nationals in the U.S. Zones in the status of displaced persons. None of them are POW's. For the repatriation of these Hungarians, United States authorities repeatedly have offered their help to the Hungarian Government.

(4) The repatriation of these Hungarian nationals is awaiting action solely by the Hungarian Government.

"All Hungarian prisoners of war have been discharged under the standing procedure of United States authorities in Germany and Austria. Most of them have already returned, and the remainder reverted to displaced person status, free to return to their homeland.

"Over 230,000 Hungarian nationals, both POW's and displaced persons, had been returned from the United States Zones to Hungary by

¹² *Infra.*

30 November 1946. To facilitate the return of the remainder of Hungarian displaced persons still in the United States Zones, the United States authorities notified the Hungarian Government on numerous occasions of United States readiness to resume repatriation. A recent notification was made in a letter of June 5, 1947, sent through the Chairman of the Allied Control Commission to the Minister of Interior, stating that the United States authorities in Germany were prepared to dispatch each week beginning in June 1947 two trains of Hungarian nationals.

"The Hungarian Minister of Interior appointed new repatriation officials in July to organize the homeward movement of Hungarians. These newly appointed officials have received on July 19 United States clearance for travel to Germany.

"United States authorities in Germany and Austria, therefore, have always been ready to facilitate the homeward movement of Hungarian displaced persons, of whom there are an estimated 30,000 in the United States Zones. It is understood, however, that a number of Hungarian displaced persons have indicated unwillingness to return to their homeland. The official United States view with respect to displaced persons was stated by Secretary of State Marshall on May 20, as follows:

'It is the the fixed policy of the United States Government to oppose any forced repatriation of displaced persons. It is also the policy of the United States Government to facilitate the repatriation of those displaced persons who desire of themselves to return to their homelands. This is in conformity with the principles approved by the General Assembly of the United Nations.'

[Annex "F"]

EXPATRIATION OF SWABIANS ¹³

NOTE: The following summary of the Swabian expatriation movement, prepared as a memorandum for record on 9 April 1947, indicates the repercussions of the movement in the Allied Control Commission for Hungary and the administrative task of the U.S. Military Mission. Subsequent to the preparation of this summary an exchange of correspondence with OMGUS took place which is added as Appendix "P".¹⁴ The views of Ambassador Murphy, also subse-

¹³ With the exception of the item cited in footnote 14 below, none of the appendices referred to in this paper have been printed.

¹⁴ This appendix consisted of an exchange of messages between General Clay and General Weems. In his message of April 24, General Weems, at the request of the Soviet and British members of the Allied Control Commission for Hungary, recapitulated the situation resulting in Hungary from the suspension of the Swabian expellation program. The Hungarian Government, in anticipation of the resumption of the program in April, had processed and made ready for expatriation some 25,000 Swabians. Relations between the Hungarians and those persons whom the Government was determined to expel were strained and several fatal incidents had occurred. In his reply to General Weems on May 19, General Clay reviewed the conditions in the American zone of occupation in Germany. As of March 31, there were in the American zone nearly 2,900,000 expellees from Poland, Czechoslovakia, Hungary, and Austria, over 400,000 German nationals from Berlin

Footnote continued on following page.

quently obtained, have been appended at "Q".¹⁵

1. Article XIII of the Report on the Tripartite Conference of Berlin (Potsdam Declaration) states in part as follows:

"The three governments having considered the question in all its aspects, recognize that the transfer to Germany of German populations, or elements thereof, remaining in Poland, Czechoslovakia and Hungary, will have to be undertaken. They agree that any transfers that take place should be effected in an orderly and humane manner."¹⁶

2. On 20 November 1945 the A.C.C. for Germany by a decision cited as CONL/P(45)57, agreed to commence the immediate transfer of Swabians from Hungary to U.S. Zone Germany under the terms of the Potsdam Declaration. The decision authorized 500,000 deportations over a period of 7 months. The Hungarian Government, however, after further investigation into its Swabian population, submitted a plan for this movement based on a revised estimate of only 350,000 Swabians, and the movement started in January 1946. It was to have been completed in July 1946. (See CONL/P(45)57), App. A.¹⁷)

3. On 4 June 1946 the expatriation program was suspended on orders from U.S. authorities in Germany. The reasons given for the suspension were abuses observed in shipping out the Swabian trains, the disorderly manner in which the program was executed, and the inhumaneness consequent to burdening German welfare agencies with penniless and destitute people. During the period from January to June 1946, a total of 118,474 Swabs were expatriated.

4. After the stoppage in June discussions were begun between Hungarian authorities and U.S. authorities concerning a resumption of the program. U.S. authorities insisted that certain conditions be met by the Hungarian authorities in order to ensure that the program would be executed in an orderly and humane manner. After a series

Footnote continued from previous page.

and other occupied zones of Germany, and over 200,000 foreigners in Displaced Persons Centers, all of whom had to be maintained from the economy of the American zone. Clay concluded:

"To summarize, I cannot foresee, at least within the calendar year, any relief to lessen the huge over-load of population now carried by the U.S. Zone of Germany through the return of expellees to the other Zones which should accept them, nor to the housing, food, employment and public relief conditions in our Zone which would permit the transfer of Swabians from Hungary under orderly and humane conditions."

¹⁵ Appendix Q was the text of despatch 9919, May 15, from Berlin, not printed.

¹⁶ For the full text of the article quoted here, see *Foreign Relations*, The Conference of Berlin (The Potsdam Conference), 1945, vol. II, p. 1511.

¹⁷ The operative portion of document CONL/P (45), November 17, 1945, was the plan for the transfer of German populations to be moved from Austria, Czechoslovakia, Hungary, and Poland into the Occupied Zones of Germany. The text of this plan, as approved by the Allied Control Council for Germany, is included in telegram 1147, November 30, 1945, from Berlin, *Foreign Relations*, 1945, vol. II, p. 1316.

of conferences, an agreement on the conditions to be established for the execution of the Swabian expatriation program was reached on 22 August 1946. The agreement provided detailed conditions concerning the execution of transfers such as amounts of food, baggage, personal possessions, and minimum amounts of money for each expellee, health requirements, rate of flow, limitation of 1100 expellees on each train, conditions under which the movement may be suspended, and similar requirements for an orderly and humane program. The agreement stated that the expellations would [be] resumed on 1 September 1946, and provided for a rate of flow of 20 trains per month up to 90,000 expellees to the 1st of April 1947. After 1 April 1947, the agreement stated that the Hungarian Government would consider the program ended if the U.S. Zone of Germany accepted a maximum of 100,000 expellees by the end of the year. (See copy of agreement, Appendix B.)

5. During the months of September, October and November 1946, a total of 52 trains were scheduled for movement of Swabs, but only 6 trains were utilized during the latter part of November due to the inability of the Hungarian authorities to provide Reichsmarks for the Swabs. Only 6090 Swabs were expatriated up to 30 November 1946.

6. On 1 December 1946 the acceptance of Swabians into the U.S. Zone of Germany was again suspended on orders from the U.S. authorities in Germany because of a backlog of 100,000 expellees in German distributing centers, thus precluding acceptance of expellees in a humane and orderly manner. Anticipated severe weather during the winter months was also assigned as a reason. (See letter to General Sviridov of 9 November 1946, App. C.)

7. The Hungarian Ministry of Interior protested this action by U.S. authorities. The Hungarian authorities, in giving their views, stated that they accept and support the 22 August agreement and agreed that U.S. authorities had the right to suspend temporarily the acceptance of Swabians for bad weather and/or for resettlement conditions. They argued however, that the 100,000 backlog of expellees in the German camps was not a good reason because the U.S. authorities should have cleared these people out in anticipation of the number of expellees the U.S. had agreed to accept. They further argued that this should have been done during September, October and November when no movement was taking place, although U.S. authorities had agreed to accept up to 90,000 Swabians during the 7 months beginning 1 Sept. and the Hungarians were only able to expel 6090. The Hungarian authorities maintained that after overcoming their many difficulties, they were now able to expel up to 90,000 Swabs before 1 April 1947, and insisted on their right to continue the program until they had

an opportunity to expel up to 90,000 Swabians by 1 Apr 47. (Msg to OMGUS App. D)

8. The Russian Element of the A.C.C. for Hungary supported this Hungarian protest and in a separate letter, General Sviridov protested the suspension on the grounds that it contradicted the plan of the Control Council for Germany of 20 November 1945, CONL/P(45)57. (See App. A.) He stated that on 26 November 1945 the Coordinating Committee of A.C.C. for Germany affirmed that they would fulfil the plan of 20 November 1945, CONL/P(45)57, concerning the expatriation of Swabians and requested an early resumption of the Swabian program. (See message to OMGUS Z-4711 of 3 December 1946, App. E. see also extract from CORC/M(46)63, App. F., which is a record of the action taken by the Coordinating Committee referred to by General Sviridov.)

9. In a reply to the Hungarian and Russian viewpoints, OMGUS stated generally as follows. U.S. authorities in Germany have the right under the 22 August Agreement to suspend transfers throughout the winter months based upon the anticipated severe cold weather and congested resettlement conditions. (See first sentence Par. 10 of the 22 August Agreement, App. B.) OMGUS stated that the program will be resumed at a time and rate which will ensure humane transfers from Hungary and reception into the U.S. Zone, and that ample time would be afforded Hungarians to schedule the movement of 22 trains prior to 1 April 1947. This commitment was based on the fact that if an additional 22 trains were allowed to be scheduled prior to 1 April 1947, then the Hungarian authorities will have been allowed the possibility of scheduling the transfer of up to 90,000 Swabians, although they have not actually been able to move Swabians according to their scheduled trains. OMGUS further stated that the only action taken by the ACC for Germany in connection with the plan decided upon in CONL/P(45)57 was that the Directorate of Prisoners of War and Displaced Persons be "instructed to take all necessary measures for the speediest implementation" of the plan for transfers. OMGUS stated further that the 22 August Agreement is still in effect, and that no transfers can take place during December 1946, January and February 1947. They suggested a conference to take place in late February or early March to arrange mutually satisfactory resumption of transfers. (See message from OMGUS CC-7362 of 14 December 1946, App. G.)

10. Since OMGUS indicated in its message of 14 December (see above) that ample time would be afforded Hungarians to schedule movement of 22 trains prior to 1 April 1947, A.C.C. Hungary on 21 December 1946 advised OMGUS that, in order to allow Hungarian authorities to schedule up to 90,000 expellations prior to 1 April, the

number of trains to be allowed should be a minimum of 30 rather than 22. This figure was arrived at as follows: in order to expel up to 90,000 Swabians between 1 September and 1 April on trains with a maximum load of 1100 persons, Hungarian authorities would have to schedule a minimum of 82 trains. They actually scheduled:

20	trains	in	September
20	"	"	October
12	"	"	November

of which only 6 were utilized. In order, therefore, to comply with the 22 August Agreement, a minimum of 30 more trains should be allowed prior to 1 April 1947. (See message to OMGUS Z-4805 21 December 1946, App. H.)

11. On 6 January 1947, a representative of U.S. A.C.C. Hungary visited Berlin in order to clarify the situation with regard to the resumption of the Swabian program. On 5 January OMGUS sent to U.S. ACC Hungary a message which arrived after the departure of the U.S. A.C.C. representative visiting Berlin, stating that the 22 August Agreement should be strongly adhered to, and that it is wise under the Agreement to consider that up to 184,000 Swabians rather than 124,000 may yet be repatriated by Hungary and transferred to U.S. Zone, Germany. Those figures expressed in terms of individuals rather than trains indicated OMGUS' agreement to allow the scheduling of a minimum of 30 trains prior to 1 April rather than 22 trains. (See message from OMGUS CC-7568 5 January 1947, App. I.)

12. The representative visiting OMGUS in Berlin, however, obtained a considerably different viewpoint concerning the continuation of Swabian acceptances into the U.S. Zone Germany. It was indicated orally to this representative of the U.S. A.C.C. by the Military Governor of Germany that the program was stopped, not suspended; that the program will not be resumed at any definite date in the future; that it is impossible to receive further expellees in an orderly and humane manner; and that the expellation program cannot be carried out according to the rates of flow prescribed in the 22 August Agreement due to the impossibility of accepting into the U.S. Zone Germany in an orderly and humane manner. (See Report of Conference with General Clay, App. J.)

13. Inasmuch as this different viewpoint concerning the continuation of the Swabian program was given orally, and prior official messages received on the subject have been at variance to this new viewpoint, U.S. A.C.C. Hungary queried OMGUS on 28 January 1947 as to its official views concerning the continuation of the Swabian program. (See message to OMGUS Z-4895 28 January 1947, App. K.)

14. On 10 February a message was received from OMGUS replying

to query of U.S. A.C.C. The general view of OMGUS given in its message was that resettlement conditions within the U.S. Zone Germany must improve substantially before OMGUS can agree to the receipt of "further large numbers of expellees". A full explanation of the congestion and deplorable resettlement conditions in U.S. Zone was given, and it was indicated that any reception of expellees under these present conditions could not be in an orderly and humane manner. OMGUS agreed, however, to meet with Hungarian representatives in March for further discussion of possible movement after 1 April 1947. (See message from OMGUS CC-7985 1 February 1947, App. L.)

15. U.S. A.C.C. Hungary queried Hungarian authorities concerning their reaction to a conference to be held in Berlin to discuss the Swabian expatriation program. No further information concerning the resumption of the program, however, was given to Hungarian authorities. Hungarian authorities did not react favorably to the suggestion of a conference in Berlin, stating that all conditions concerning the expellations had been agreed upon on 22 August, and felt that any further discussion would be fruitless. They stated that they expected the expatriation of Swabians to be resumed on 1 April 1947. The Russians supported this viewpoint and further stated that the expatriation of Swabians to Germany was decided upon at the Potsdam Conference agreed upon by the A.C.C. for Germany, and requested that U.S. authorities advise the Hungarian Government through the A.C.C. Hungary when the reception of Swabians into U.S. Zone Germany would be resumed.

16. In view of the unsettled situation developing in Hungary as the result of lack of information concerning resumption of the Swabian program, and the refusal of the Hungarian representatives to participate in a conference to discuss the subject, U.S. A.C.C. informed OMGUS on 6 March that the Hungarian Government should be advised definitely what to expect in the way of expellations during the ensuing 4-6 months. The unsettled conditions in Hungary resulting from the up-rooting and continuation of processing for expellation of Swabians by the Hungarian Government was pointed out to OMGUS, and specific questions asked concerning the resumption of the program. (See message to OMGUS Z-4964 6 March 47, App. M.)

17. OMGUS did not answer these specific queries but replied in the same manner as their statement of policy given 10 February, i.e. that they cannot agree to accept "further large numbers" of Swabians until economic conditions are greatly improved. (See message from OMGUS CC-8472, 21 March 1947, App. N.)

18. U.S. A.C.C. therefore decided that a definite statement of policy concerning further acceptances of Swabians must be given the Hun-

garians, and sent representatives to Berlin to obtain approval of a proposed letter addressed to the chairman of A.C.C. for Hungary for the information of the A.C.C. and Hungarian authorities. This letter stated in effect that due to deplorable resettlement conditions now existing in U.S. Zone Germany, no further expellees could be accepted until such conditions were substantially improved. No improvement was anticipated within a minimum of 12 months. The letter was approved by Major General Keating¹⁸ personally, and was despatched to General Sviridov on 27 March 1947. (See letter to General Sviridov 27 March 1947, App. O.)

19. The letter cited above now constitutes the policy of U.S. authorities Germany and U.S. A.C.C. concerning the Swabian expatriation program.

¹⁸ Maj. Gen. Frank A. Keating, United States Deputy Military Governor for Germany.

501.BB/9-2547 : Telegram

The Acting Secretary of State to the United States Mission at the United Nations in New York

SECRET URGENT

WASHINGTON, September 25, 1947—7 p. m.

422. Assistant Secretary Armour today received former Prime Minister Nagy of Hungary¹ who stated he was going to New York this afternoon to join his colleagues the Bulgarian Agrarian politician Dimitrov² and the Croat peasant leader Machec³ in an attempt to interest several UN Delegations including Cuba, Brazil and Australia to introduce in this session of the Assembly a Resolution based on Article 14 raising the question of Soviet indirect aggression in Eastern Europe. The Cuban Ambassador has apparently given them an indication that he is receptive but made it clear that he would be reluctant to introduce so controversial a question unless assured in advance of substantial support from other Delegations. Nagy requested that the USDel not oppose any such resolution should it be put forward and even asked if it might not be possible for the USDel to indicate discreetly to these delegations that we would give it support. Mr. Armour replied that although he was sympathetic he could of course give no opinion or encouragement in advance of knowing exactly

¹ A memorandum of conversation dealing with this meeting, prepared by Frederick T. Merrill of the Division of Southern European Affairs and dated September 25, is filed separately under 501.BB/9-2547.

² Dr. George M. Dimitrov, head of the Bulgarian National Agrarian Union, in exile.

³ Dr. Vladko Maček, head of the Croatian Peasant Party, in exile.

what the three Agrarians were proposing. Nagy promised us a copy tomorrow.⁴

We feel that in view of the surcharged agenda of this Assembly and of the number of important items put down by the USDeI which are obviously construed by USSR as inimical to its interest, it would be unfortunate for this additional and highly controversial subject to be brought before the Assembly at this session. Our previous thinking has been that problems of clandestine aggression might more suitably be dealt with by the proposed interim commission.

At the same time, and in light of the President's statement characterizing the change in power in Hungary as an "outrage", we do not feel that the Delegation should openly oppose a resolution along the lines suggested by Nagy, Dimitrov and Machec. You are authorized, however, in private conversation with other delegations to intimate our feeling that, in view of the technical legal grounds on which the Russians might base a convincing if spurious case, and in view of the other important matters pending before this session, we should not be unhappy if the question of Russian covert aggression against Hungary and other Southeastern European states were left over for the interim commission.

LOVETT

⁴A copy of the paper under reference here, a communication from the Central Committee of the International Peasant Union to the President of the General Assembly of the United Nations, is attached to the memorandum of conversation cited in footnote 1, above. The communication was transmitted to the General Assembly by the International Peasant Union on September 28, but no action was taken on it.

864.00/10-247

*Memorandum of Conversation, by Frederick T. Merrill of the
Division of Southern European Affairs*

[WASHINGTON,] October 2, 1947.

Participants: Rustem Vámbéry, Hungarian Minister,
Mr. Paul Marik, Counselor of the Hungarian Legation,
Mr. Armour—A-A
Mr. Merrill—SE

The Hungarian Minister, Rustem Vámbéry, called on the Assistant Secretary to pay his respects.¹ Mr. Armour recalled to Mr. Vambéry the latter's acquaintanceship with our former Minister in Hungary,

¹ On September 30, Minister Vámbéry called on Acting Secretary of State Robert Lovett and presented his letters of credence. That meeting is recorded in a memorandum of conversation by Acting Chief of Protocol R. D. Muir, September 30, not printed (701.6411/9-3047). Minister Vámbéry presented his credentials to President Truman on October 8.

Mr. Grant-Smith, and the Minister then reminisced at some length about the Hapsburg days and the respected position of his father in Hungary of the early twentieth century.

In reply to a question regarding present conditions in Budapest, Minister Vámbéry stated that in his opinion the Hungarian people were working harder and were more full of cheer and hope than many people in Europe, including the Czechs. He attributed much of the economic activity to the dynamic leadership of the Communist Party, a leadership which he later contended operated reasonably independent of Moscow's direction.

In discussing the political dilemma in which Hungary found itself, the Minister said that it was unfortunate that a vicious circle existed between economics and politics. For example, the low salaries of civil servants made them dependent on bribery or membership in a political party. The Communist Party thus benefited by the poor economic conditions of the middle classes, and strengthened its position among the more favored laboring classes.

In connection with the election, Mr. Vámbéry said he felt that the abuses, whether resulting in 10,000 or 100,000 votes one way or another made very little difference. He could not understand how the events of last June could be construed by the United States as a Communist coup. He felt that there had been no essential change in the complexion of the government and that neither Nagy or Dinnyés differed in their lack of resistance to the Soviets. The presence of the Red Army was the determining factor in any case.

In spite of the Soviet pressures, he felt that there was an amazing amount of civil liberties still existing and pointed to the numerous political parties in opposition which had their own papers and which castigated their rivals freely. There had been, however, a few unfortunate incidents in the election campaign, but these could happen anywhere. The Hungarians were still able to express freely their political opinions, he thought. Mr. Vámbéry, warming to his subject, disclosed that Pushkin, the Soviet Minister, had told him that the USSR could have had Hungary in 1945 if it had so wished. But Moscow wanted Hungary independent, so it could trade with the West to rehabilitate its economy so that in the end it might be exploited more profitably by the USSR.

The new Minister expressed great appreciation for the courtesies shown him by Mr. Chapin while he was in Budapest. At a farewell luncheon, which our Minister tended to Mr. Vámbéry, the latter had said that as Hungarian Minister in Washington he would be able to look after American interests (*sic*). Mr. Vámbéry said in closing that he had never aspired to be a Minister and now at seventy-five years

of age he was being impressed into service. He hoped that the Department would be sympathetic to the Hungarians, and in appreciating their difficult geographic situation give them time to evolve in line with Western concepts of democracy.²

² On December 30, Minister Vámbéry made a courtesy call on Samuel Reber, Acting Director of the Office of European Affairs. A memorandum of conversation by Robert McKisson of the Division of Southern European Affairs, dated December 30, not printed, concludes as follows:

"After leaving Mr. Reber's office, the Minister remarked to me in the hall that these were rather difficult days for him at the Legation. His staff, he explained, was inadequate, and several members of it were Communists. He said that a committee representing three ministries in the Hungarian Government was scheduled to come to Washington within the next several months for the purpose of reorganizing the Legation. He then said that he would like to tell me confidentially that he had recently called Hungarian Foreign Minister Mohnár (a Communist) by long distance telephone and had told the latter that he thought they could speak plainly to one another. He said he then requested Molnár not to assign any more Communists to the Legation in Washington, since 'the American people just didn't like them.'" (864.00/12-3047)

864.00/10-247

*The Minister in Hungary (Chapin) to the Secretary of State*¹

SECRET

BUDAPEST, October 2, 1947.

No. 3470

SIR: I have the honor to refer to my Despatch No. 3284 of July 22, 1947 in which I attempted to analyze the complex of factors determining the United States' policy in Hungary. The elections of August 31 and the formation of a new Parliament and Cabinet suggest the desirability of a reexamination of the situation with particular reference to possible effect on our policy in this country. I do not intend to suggest that our policy here can vary greatly from that pursued in other so-called satellite states. Nevertheless, Hungary as the last peripheral nation to be forced within the Soviet orbit does present certain problems differing in degree, if not in nature, from those found in other central and eastern European countries.

The national elections, it is true, demonstrated once again that most Hungarians are "non-Communist" in outlook and feeling.

¹ A copy of this despatch was sent by Minister Chapin directly to Assistant Secretary of State Norman Armour who replied in a letter dated October 29, not printed. Armour's letter observed that Chapin's recommendations appeared to have been covered in the instructions contained in telegram 1047, October 6, to Budapest, *infra*. Armour concluded in part as follows:

"We here in the Department agree with the tenor of your conclusions and recommendations . . .

"Please don't get the impression that we are throwing in the sponge as far as Hungary is concerned, and we quite agree with your estimation of the important role your Legation can play in Hungary. I know you are working under tremendous difficulties and against great odds but we in the Department are more than conscious of these difficulties and, as I have previously told you, [are] very pleased with the way you are handling the task." (864.00/10-247)

The methods employed in the recent elections and the tangible results thereof have been reported by the Legation in full as well as by the American press. However a brief review may be of some assistance in evaluating the situation.

In pre-election speeches, propaganda and manipulations the Communist Party successfully demoralized, confused and fragmentized its opposition. The vast mass of non-Communist (actually anti-Communist) voters faced a field filled with parties but found it difficult to choose a party which expressed their will.

Among the nine non-Communist parties three were of the Coalition, and six were in opposition. The confusion of the electorate is illustrated by the results of the voting.²

The Smallholder Party bore the brunt of the election losses, not so much because of active campaigning by the Communists as by reason of the fact that the supine leadership of the party during the past two years, particularly since the ouster of Nagy, resulted in disillusionment and alienation of the great mass of peasants and bourgeoisie who had voted Smallholder in 1945. The Smallholder loss from 57 percent of the electorate in 1945 to 15.4 percent in the past election was thus a tribute to the success of the Communists war of attrition against its major opponent.

Losses of the Social Democratic Party may be attributed in part to a clever tactical move made by the Communists when it became apparent during the election campaign that the Social Democrats might possibly emerge as the strongest party. To confuse the growing number of Social Democratic adherents, the Communists began to proclaim the early fusion of the two parties, with the result that despite vigorous denials by Social Democratic leaders, the anti-Communists in that party were definitely alienated. (It may be noted that the Communist Party following the elections tried to ascribe Social Democratic losses to the secession of right wing members of the party under Peyer; the fact that according to the final tally only 85,458 votes were credited to the already existing Radical Party which Peyer had joined, vitiates this argument). Most significantly, however, the Communists applied the disfranchisement technique to the Social Democrats as well as the bourgeois parties, and Social Democratic sources claimed, following the elections, that at least 110,000 registered active party members had been illegally disfranchised. The Social Democratic Party also suffered, of course, from widespread disillusionment with its appeasement-minded leadership.

The National Peasant Party failed to play an important role. It increased its representation in Parliament from 21 to 36 seats, partly,

² For a summary of the election returns, see footnote 1, p. 363.

it is reliably reported, through liberal use of multiple voting but since it is considered merely as the agrarian wing of the Communist Party, the gain is all for the Moscow-directed bloc.

The so-called opposition was so fragmentized as to eliminate any possibility of real opposition, and the electorate had little opportunity to weigh the relative merits of the various parties, some of which were formed only a few weeks prior to the elections and most of which had almost no access to the press or radio. Furthermore it was rumored that at least one of the opposition parties was deliberately organized by the Communists to draw anti-Communist votes which later could be used to promote Communist policies. Despite such rumors, vilification and slander of opposition leaders and active violence to disturb opposition party meetings, two parties, the Democratic Peoples Party and the Hungarian Independence Party emerged with a substantial share of the votes. The total vote of the opposition parties amounted to slightly more than 39 percent, too little however to prevent the Coalition from securing those peculiar advantages of the electoral law which increased the Coalition's representation in the National Assembly. It will be recalled in this connection that the electoral law provided a special reserve allotment of sixty seats over and above those competed for directly in the election. By gaining 60% of the total electoral vote, the Coalition parties were entitled to 75% of these sixty seats and thus increased their representation in the Parliament from 60 to 66% or 271 seats.

Large scale disfranchisement accomplished in a methodical manner followed by carefully planned multiple voting on a large scale further tipped the scales in favor of the Communists and produced in the end a substantial plurality for the Communist Party as a result of which it obtained 100 out of 411 seats in the National Assembly and 5 out of a total of 15 portfolios in the Cabinet. Significantly, the Communists now hold the Ministries of Foreign Affairs, Interior, Communications and Public Welfare, while their leader Mátyás Rákosi holds the position of senior Deputy Prime Minister. The extent to which these advantages can be exploited to obtain additional control over the administrative, executive and judicial segments of the Government remains to be seen. It may be observed, however, that it is apparent already that the Communists expect through occupation of key positions to control many areas of the national Government which they do not nominally control.

Hungarian popular reaction to the elections was a mixed feeling of elation at the surprising strength of opposition parties and a profound pessimism that these parties would have little effect on the national scene. Smallholders and Social Democrats, in open revolt against con-

tinuance of appeasement policies, appear to have given up their fight against Leftist leaders, and are dominated by fear of personal and party reprisals by the Communists (Legtel 1555 September 16³). During the last two years Smallholder leaders excused their concessions to Communist demands on the grounds of playing for time and stalling off the Communists until the Peace Treaty should go into effect. Today, with the Peace Treaty in force, despite their bitter defeat in the elections much comment is still heard along the same line of the necessity to play for time until Soviet troops are out of Hungary. There seems to be little realization of the fact that in any future elections the Smallholders Party, having lost all popular support because of its unrepresentative character would probably disappear.

However, the elections were only an incident in the continuing political struggle for power. The results had not even been announced before the jockeying for positions in the Government began. Intra-Party and inter-Party conferences alternated for three weeks before a compromise could be found, with the Communist Party holding the whip hand and refusing to give ground on any important issue. The ridiculous situation has now developed where the Smallholders, having on several occasions solemnly repudiated their Communist-appeasing "leadership", find themselves with two of these "leaders" Mr. Dinnyés and Mr. Ortutay, back in office the former as Prime Minister and the latter as Minister of Education. The Communists declined the onus of furnishing a candidate for the Prime Ministry and flatly imposed on the Smallholders (through President Tildy) not only this position but also specified who was to fill it. Similarly they insisted upon inclusion of Ortutay in the Cabinet over Smallholder objection. The Socialists have retained four portfolios, but were foiled in their efforts to neutralize the Communist Ministry of Interior by securing a Social Democrat Secretary of State for police. Nominally the Communists and their agrarian wing party the National Peasants have five plus two, or seven portfolios as compared to eight for the Smallholders and Social Democrats. Actually with their stooges, Dinnyés, Szakasits⁴ and Ortutay and the Communist Secretaries of State alternating directly under all non-Communist portfolios, Communist control is virtually complete.

The entry into force of the Hungarian Peace Treaty created scarcely a ripple of comment in Hungarian political circles and among the disillusioned populace. Hungarians feel that they will not have regained their sovereignty until the last Soviet soldier has left their territory.

³ Not printed.

⁴ In the new Dinnyés Cabinet, Social Democratic leader Árpád Szakasits continued as a Deputy Prime Minister.

The fear of Soviet power remains the dominating force in Hungarian political life. This psychology of fear appears to have penetrated so deeply into the Hungarian political mentality that despite all professions by moderates of a change of attitude and tactics following withdrawal of Soviet troops, it is open to doubt whether resistance to the Hungarian Communist Party will materially increase after ratification of the Austrian Treaty if this ratification is long delayed. Therefore the timing of the withdrawal of Soviet troops from Austria and their Lines of Communication in Hungary plays a decisive role in Hungarian thinking. With state control of the banks almost a certainty and with agreement on payment of German assets in Hungary to the Soviet Union already concluded, it appears that the race between the ratification and Soviet-Communist control of Hungarian economy is already largely lost.

Furthermore it appears likely that in this country, as in its eastern neighbors, the Government will not allow the terms of the Peace Treaty to stand in the way of Soviet domination, and we may expect to see the articles of the Peace Treaty relative to prohibition of fascist organizations used to nullify the guarantees of basic human and political liberties. Prior to the withdrawal of Soviet troops it is likely that as in Bulgaria and Roumania a large influx of Soviet civilians will occur. The Hungarian press, already severely limited by Government censorship, will undoubtedly become even more pro-Soviet and anti-American. It is reliably reported that in his initial address to the section chiefs of the Foreign Office, the new Hungarian Minister for Foreign Affairs, Mr. Erik Molnár stated *inter alia* that in its foreign policy, Hungary could no longer afford to be "strictly neutral" as regards the great Powers. He reportedly expanded on this theme by emphasizing that countries such as Hungary "lying on the paths of history and policy" have no recourse but to adapt their own policy to "geographical considerations".

There has always since the "liberation" been a group of "realists" in Hungary who while clinging inwardly to their own opinions as respects political or economic theory, have held that Hungary cannot survive without making a compact with the Soviet Union, and that it is better to surrender certain freedoms than to run the risk of having all freedoms taken away and be completely submerged. To this group may be added a growing number of persons who, weary of the chaos and the lack of direction of the traditional Hungarian parties and their leaders and despairing of any concrete support from the West, accept with resignation the Communist leadership in relief at finding stability imposed by an organization which exercises a firm hand, and appears destined to dominate the Hungarian political scene for some years to come.

No evaluation of the Hungarian political scene would be complete without mention of the extraordinarily poor grain harvest this year. Due to crop failures caused by the drought Hungary will have to draw on its limited foreign exchange for the import of wheat if there is not to be real suffering this winter. The bread ration has already been reduced following the elections from 250 grams per person to 200 grams per person on October 1. The corn crop which is used largely for feeding farm animals was something in the nature of a disaster and already large scale slaughtering of pigs has been initiated in anticipation of feed scarcity.

It seems clear that dissatisfaction over reduced food and fuel supplies may almost be taken for granted this winter and will entail considerable political danger should the weather be as severe as last year. It is not unlikely that this strong probability played a part in the reluctance of the Communists to assume the onus of filling the office of the Prime Minister with one of their own party.

Turning to Communist plans for the future, the party's announced program for the next three years (Legation Despatch 3407 of September 11⁵) follows closely the measures already taken or planned in Bulgaria and Roumania. Control of finances and production is involved in the demand for the nationalization of the National Bank and of the large private banks in conformity with the law setting up state controllers. A law providing for confiscation of property illegally acquired is proposed, similar to the Bulgarian law promulgated in the middle of 1946, and it appears safe to assume that, as in Bulgaria, the legal burden of proving by documentary evidence that assets were acquired legally will remain on the individual persons or corporations. A capital levy has already been instituted and the Communist plan envisages a prohibition of all incomes over 3000 forints per month. Thus in numerous ways assets will be taxed or controlled out of existence.

The liquidation of propertied classes is rendered even more likely by the Communist proposal for a double price system involving stores for "rich people" with one price and stores for the poor with a much lower price. A Workers' Court with authority to pass judgment on individuals involved in speculation and the inflation of prices is also planned, under which any private trader or company could easily lose his property. Lastly, public works for the unemployed are envisaged which, as in Bulgaria, may well involve compulsory labor service for which anti-Communists will be recruited. Thus there may well develop two classes of society in which the opponents of Communism, many of whom have already lost their political rights by disfranchisement in the elections, become second class citizens.

⁵ Not printed.

Signs are apparent that the stage may be being set for another conspiracy—this time involving Pfeiffer⁶ and his group. The Communists have made no secret of the fact that he is next on the list and are already manipulating through blackmail and direct intimidation, sufficient evidence to raise conspiracy charges. It is of course axiomatic by now that “conspiracy” need only consist of efforts to resist the extreme left no matter how mild or legitimate, where as any tactics however immoral or repugnant are laudable if directed at reinforcing Communist control. What the attitude of the other parties may be when the attack comes is a problem. Certainly they can no longer plead unawareness or confidence that the attacks will not eventually in turn be directed against them, for leaders of all parties, Social Democrats as well as Barankovics himself have admitted that they are now in peril.

It is exceedingly difficult if one is residing in Hungary or in any other country which is in the process of Soviet absorption, to view the world situation entirely objectively from the point of view of United States interests. There is everywhere here surrounding one, an atmosphere of fear which has been greatly intensified by the execution of Petkov.⁷ That political arrests to date actually have not been numerous does not in any sense detract from the fact that everyone from the ex-banker to the son of an ex-noble’s coachman working for the Legation is constantly oppressed by the thought that they may be called up by the political police at any time for an “interview” the intensity of which will vary according to circumstances. Few average citizens have had actual experience with the police, but all know of some one who has had or who has simply disappeared and has never been heard of since. Yet the mass of the people and this includes all ranks, all classes somehow manage to live on. On the other hand any person who manages to distinguish himself in any walk of life whether it be in politics, the professions, business or any other activity where he is in any position to sway others or affect Soviet interest for good or evil, will immediately find that he is under constant surveillance and subject to control, direct or indirect from the Communist party.

Throughout all it remains clear, as stated above, that the overwhelming mass of the Hungarian people including the Social Democrats and even a good percentage of the Communist party who joined out of opportunism or pressure, have no love for Communism of the

⁶ Zoltán Pfeiffer, member of the Hungarian National Assembly and leader of the Hungarian Independence Party, fled from Hungary in early November and went into exile.

⁷ Nikola Petkov, the leader of the Bulgarian Agrarian Union, was executed in Sofia on September 23, despite the protests of the United States Government. For documentation on the concern of the United States over the arrest, trial, and execution of Petkov, see pp. 159–183, *passim*.

Soviet pattern or for Slavic domination. One cannot discount the intensity of Magyar nationalism, however passive, which has survived Turkish, Slavic and German overlordship. It is this sense of racial and cultural survival traditionally bound up with a feeling of pride at having served as the Easternmost projection of Western civilization which differentiates Hungary so much from the surrounding satellite states all of whom with the exception of Roumania are completely Slav.

Even though the process of Sovietization of Hungary has not progressed as far as in other near-by countries it is recognized that our policy with regard to Soviet ambitions here cannot logically be considered apart from that in the other satellites. It is equally clear that we cannot assume positions or formulate a policy based entirely upon broad moral principles or humanitarian ideals no matter how lofty.

We are forced back accordingly to a consideration of the value of Hungary as a pivotal point in what I assume to be for the time being at least, a policy of containment of Soviet imperialism. Any frank abandonment of Hungary would of course constitute a retreat and require setting up a new line of defense to the Westward. It is entirely possible that such a retreat might be justified on broader considerations, but from here it would appear that Soviet expansionism should be opposed in Hungary by all legitimate means at our command short of actual collision.

The question of taking up the Hungarian case before the organs of the United Nations has at least lost its urgency since the holding of the Hungarian elections and the placing into effect of the Peace Treaty, and it is presumed that any consideration of this case by the Assembly will be in conjunction with other problems of Russian imperialism in South Eastern Europe.

Termination of the Allied Control Commission for Hungary may at first glance seem to present possibilities for the diminution of influence of the Soviet Union, but in my opinion the Committee of Ministers provided in Article 39 of the Treaty will be difficult to constitute in the face of declared Soviet opposition and if constituted would be completely ineffectual. Soviet influence will continue to be exerted directly by the Soviet Minister or Commander of the Line of Communication troops or indirectly through the Communist officials of the Hungarian Cabinet.

We should be prepared, however, to recognize that the influence of the Soviet Legation will be greater than that of either this or the British Legation, due to the proximity of the USSR, the continued presence of occupation troops which following the 90-day period of

the Peace Treaty will become Line of Communication troops, the increasingly close economic relations between Hungary and the Soviet Union and lastly the growing power of the Hungarian Communist Party.

In conclusion it is now apparent that the Communist Party has emerged from the national elections of August 31 as the only coherent Party in an otherwise completely disorganized and demoralized political picture. Barring miracles, the process of incorporation of Hungary within the general Soviet system described in my despatch under reference will now continue at a steady and inexorable pace. The wonder is that this process does not proceed more rapidly for certainly there is no organized political force within this country which can stand in the way. In fact, it appears to me that aside from the future course of Soviet-American relations the only effective brakes upon a more rapid rate of Sovietization of Hungary are: first, adverse world opinion; and second, the material inconvenience which would result from the ensuing inevitable economic disruption.

Despite these obstacles I am hopeful if not sanguine that this Legation can play a role of importance in Hungary, and I consequently suggest that the moment has not yet come where its staff may be reduced to that of a listening post in the Soviet Zone. On the other hand I do not feel that American interests in this area can be sufficiently active to require any large staff in the normally active economic and commercial fields. Only the intelligence and the informational and cultural aspects of the Legation's work to my mind merit consideration for expansion. I suggest that the immediate future is the last opportunity which we may have for any further expansion of intelligence in this vitally important area of South Eastern Europe. It should still be possible to set up an effective intelligence net-work here given a few trained men of high quality and sufficient funds which in later years might prove of inestimable value to the country, and I strongly recommend that immediate consideration be given to this possibility. So far as the informational and cultural aspects of the work are concerned, I have already discussed this problem with members of the Smith-Mundt Committee ⁸ and have furnished copies of the Legation's memoranda ⁹ on the subject to the Department. I recommend an immediate but modest strengthening of the informational and cultural organization of this Legation.

Respectfully yours,

SELDEN CHAPIN

⁸ Senator H. Alexander Smith of New Jersey and Representative Karl Mundt of South Dakota headed a Congressional group which visited various European and Near Eastern countries during September and October for the purpose of investigating the Department of State's overseas information program. The Smith-Mundt Committee visited Budapest from September 26 to September 28.

⁹Not printed.

864.00/7-2247 : Telegram

The Acting Secretary of State to the Legation in Hungary

SECRET

WASHINGTON, October 6, 1947—6 p. m.

1047. Analysis Hun situation and accompanying recommendations re US policy toward that country (urdes 3284 July 22) have been reviewed with interest by Dept.

While Dept is in general agreement with your background comments and evaluation factors operative Hun affairs, it has certain reservations re recommendations and conclusions. Dept's views and comments latter connection are as follows :

1. Dept is disposed, re fundamental issues arising from Sov and Com indirect aggression, to make full use of UN machinery but believes that advisability bringing particular cases before organization dependent overall political situation and considerations timing and procedural strategy. See Deptels 934 Aug 30 (sent London 3798¹) paragraphs 4 and 5 and 831 Aug 6 (sent London 2877 July 3²).

2. Agree desirability reduction minimum Sov troops guarding communication line Austria, and, despite anticipated resistance prepared exert maximum influence this end. Further instructions contemplated.

3. See Deptel 934 Aug 30 paragraph 6.

4. On asylum aspects, see Deptel 686 June 30.³ There is no possibility Dept providing funds or facilities aid escape key Huns whose personal security may become endangered, and you should continue make this clear as occasion requires. Dept is not unmindful contribution which individual Huns may make to cause democracy and freedom both in Hun and abroad and, in this connection, Dept will endeavor according to its best judgment promote fulfillment by every appropriate and available means of those broad responsibilities and obligations which devolve upon us as free and democratic people. However, cause is Huns own no less than ours and if, devoted to these principles, desiring independence, and feeling sense of duty to themselves and Hun people, individual Huns assist that cause they must be prepared accept personal uncertainties and sacrifices inevitably involved in struggle for freedom. In coming months, this primary self-responsibility cannot be too clearly impressed upon pro-democratic elements in Hun political life, for in past they have not, generally speaking,

¹ Not printed.

² Not printed; it transmitted the substance of section headed "Discussion" of the memorandum of July 1 from Matthews to the Secretary of State, p. 329.

³ Not printed; it instructed the Legation to be guided by the appropriate provisions of the Foreign Service Regulations in matters of asylum (864.00/6-947). These provisions read as follows :

"As a rule, a diplomatic representative or consular officer shall not extend asylum to persons outside of his official or personal household. Refuge may be afforded to uninvited fugitives whose lives are in imminent danger from mob violence but only for the period during which such active danger continues. Refuge must be refused to persons fleeing from the pursuit of the legitimate agents of the local government. In case such persons have been admitted to the diplomatic or consular premises, they must be either surrendered or dismissed from the mission or consular office."

evidenced any deep comprehension this fact and have, as you have pointed out, habitually looked in first instance abroad rather than to themselves and have in consequence compromised, divided, and ultimately permitted nullification of their moral and material strength.

5. Dept has special interest in welfare and safety Leg's local employees. Should cases arise involving certain jeopardy to such individuals, you are authorized take such measures as may, in your judgment, be appropriate, including assistance to them in leaving Hun. Dept exploring possibility authorizing issuance priority US visas if necessary.

6 and 7. Concur. See Deptels 747 July 17 (sent Sofia 264)⁴ and 990 Sept 17.⁵

8. Concur.

Re concluding paragraphs urdes, Dept believes that US can and should pursue active role in Hun but that precise elaboration this role will be contingent not only on further course events in Hun but on broader European developments. It must be recognized therefore that Hun itself is unlikely to become focal point of US policy except within localized frame reference and that issues which are taking shape in US-Soviet relations are unlikely assume most acute form in connection Hun developments, although latter may be important sector of larger progression of events. It is anticipated that Budapest will continue to be, as it has been, an active reporting post and that, despite recent political trends, Hun may offer relatively greater opportunities for maintaining and extending contact with Western democracies than will be case with other countries behind Iron Curtain.

In view foregoing, Dept feels that Leg's personnel needs may not undergo much modification, though if experience of next few months indicates differently Dept would appreciate your further recommendations this regard. As regards building program, Dept considers that, whatever immediate outlook may be in Hun, project is justified from long-range point of view, and, in terms such perspective, Dept has in no sense written Hun off slate.

Rptd London, Paris, Moscow, Vienna, Bucharest, Belgrade, Sofia.

LOVETT

⁴ Same as telegram 264, July 17, to Sofia, p. 18.

⁵ *Ante*, p. 29.

864.00/10-2047 : Telegram

The Minister in Hungary (Chapin) to the Secretary of State

SECRET

BUDAPEST, October 20, 1947—4 p. m.

1700. This morning I received the visit of Mr. Barankovics and Professor Eckhardt, president and vice president respectively of the Democratic Peoples Party. After a general review of the political situation in Hungary Barankovics stated in response to my question-

ing that the non-Communist population of Hungary was becoming more and more convinced that war between the US and Soviet Russia was not only inevitable but imminent. He volunteered that the leadership of his party were convinced that this was not the case but said that they were helpless to combat this feeling since his party had no press and was not allowed to hold general meetings. This feeling to a certain extent arose from "wishful thinking" since first the middle class and now even the peasants feel that the economic and social situation of Hungary could not be worse and anything is preferable to continuance of the present conditions.

Barankovics said that he regretted extremely to have to state that the Cardinal and some of the bishops who were close to him appeared to be encouraging this feeling of war expectancy in the Catholic congregations. Eckhardt cited a public meeting a few days ago when one of the bishops went so far as to state that the time was not far off when the "cross would break the hammer". This address was made in the presence of the Communist Minister of the Interior and although hushed up has had considerable repercussions. Barankovics stated that ever since his return from Canada via the US, the Cardinal has managed to give the impression of "a deep diplomatic secret" and has made veiled allusions to the possibility that there will soon be a change for the better in the political and social situation of Hungary. In all allusions to a coming change in Hungary and the possibility of war there is a reference to the US as the one hope of saving Hungary. In fact, said Barankovics, the state of mind is so serious in the Christian population of Hungary that his party had decided to send Professor Eckhardt via Paris to Rome in an endeavor to persuade the Vatican to exercise a moderating influence upon the Cardinal and some of the Bench of Bishops.

Barankovics and Eckhardt stated that the Voice of America is of utmost importance in Hungary and that all classes except the violent Communists listened avidly to the broadcast. In response to my questioning Barankovics, after stating that he supposed that I wished an entirely frank answer, said that he felt that the tone of our broadcasts was entirely "too bellicose". He explained that the Hungarian population has lost all critical faculty for interpretation of a free press and that consequently it accepts extracts from our press editorials repeated over the Voice of America quite literally. He suggested that we might wish to consider the possibility of adding "a little water to the wine" which was too strong and of adapting the tone of our broadcasts to the listeners. He felt in this connection that it would be most useful if we could have some broadminded Hungarian who was familiar with the actual situation in Hungary as an editor

or adviser on our Voice of America broadcast. He said that the man in the street as well as the peasant now when asked as to why he felt that war was imminent merely referred to the "New York radio" as the Voice of America is popularly called here. Barankovics suggested that since he knew America had no desire for a war we should be concerned in our information service not only with the immediate problem of answering the belligerent Soviet press attacks but also with the long term campaign of reassuring the people of southeastern Europe of our desire for continued peace.

In conclusion, Mr. Barankovics again referred to the attitude of the higher Catholic clergy which he, as the leader of a Catholic popular party, felt was so out of step with progressive Catholic popular thinking and with the attitude of the Vatican as reflected in the Pope's recent encyclicals. He said that the position of the opposition party in a country such as Hungary was rendered doubly difficult not only because of the attacks by the extreme left but by the attitude of many of its adherents who so firmly wished for forceful means as an alleviation of their miseries and who were apt to describe the path of moderation followed by the Barankovics party as one of "treason" to the party's adherents.

Sent Department, repeated Rome 45.

CHAPIN

Editorial Note,

On October 28, Minister Chapin protested to the Hungarian Foreign Ministry regarding the arrest and detention of Elizabeth Proiszl-Pallos, an American citizen and former employee of the United States Representative on the Allied Control Commission for Hungary, currently employed by the Associated Press correspondent in Budapest. Miss Proiszl-Pallos was arrested on October 27 by Hungarian police authorities on undisclosed charges, and American Legation representatives were prevented from interviewing her. For the Department of State's statement to the press on the matter, see Department of State *Bulletin*, November 9, 1947, page 911. Despatch 426, May 14, 1948, from Budapest, not printed, reported a satisfactory conclusion of this case (711.64/5-1448).

864.00/11-2147 : Telegram

The Minister in Hungary (Chapin) to the Secretary of State

SECRET URGENT

BUDAPEST, November 21, 1947—3 p. m.

1868. Electoral court in decision announced today nullified all mandates won by Pfeiffer Independence Party in August election and

Communist press reported that as consequence warrants for "preliminary arrests" four Independence Party deputies had been issued.¹

At about noon Ferenc Barkányi, one of ousted Independence Party deputies from Szeged for whose arrest warrant had been issued on unspecified charges, appeared at Consulate with his wife stating he was in danger for his life and pleading for protection from arrest. He was informed asylum could not be granted him under circumstances whereupon his agitation became so great he declined to leave Consulate premises.

I then sent Legation officer to interview him in course of which Barkányi stated that Independence Party alternate deputy Robert Gaál, who is now in hands political police, had apparently signed confession in which he stated it was Barkányi who had arranged with American Legation for Gaál's escape from Hungary (mytel 1867²) and this was only knowledge he had of possible pretext for his arrest apart from current violent campaign of Communists totally to eliminate opposition.

After consultation with me Legation officer informed Barkányi that Legation regretted it was unable to give him any assistance or asylum. This was explained to him on basis Legation's inability to support asylum on grounds generally recognized international law and inability to render effective assistance with consequence that he would inevitably be apprehended at some future date in which case his situation and that of his fellow party members would have been immeasurably worsened by his appeal to Legation for assistance.³

Barkányi who had been in extremely nervous condition since he has apparently been endeavoring to avoid detectives who have been reportedly following him for 4 days, pulled himself together at this point and stating he was in a nervous condition which precluded clear thought, requested advice as to what course action to follow. Legation officer advised him to leave Consulate through side door immediately

¹ Zoltán Pfeiffer, the leader of the Hungarian Independence Party, escaped from Hungary into the United States zone of occupation of Austria earlier in November. Telegram 1880, November 22, from Budapest, not printed, transmitted the text of a note from the Hungarian Foreign Ministry protesting against the assistance given by American authorities to Pfeiffer to travel to the United States as well as against Pfeiffer's interviews with Department of State officers (864.00/11-2247).

² Not printed.

³ In telegram 1869, November 21, from Budapest, not printed, Minister Chapin listed the following grounds on which he had made his extremely reluctant decision to deny asylum to Barkányi: 1) there was no threat of mob violence; 2) there was no immediate threat to Barkányi's life; 3) there was no way of getting Barkányi out of the country or to another haven of safety; 4) the granting of asylum in this case would undoubtedly have led to many other demands for asylum; 5) the granting of asylum would confirm allegations being made in the Communist press; 6) the granting of asylum would compromise and further endanger other Independence Party deputies (864.00/11-2147).

and to apply for assistance at whatever source appeared available to him including Catholic Church, which had during German occupation rendered such assistance. He departed at 2 p.m., was apparently unhindered.

This is not first such case presented to Legation in recent days, Legation info officer having received call from Independence Party organizer from Szeged district on November 19 after office hours when individual asserted he and seven other Independence Party officials at Szeged district had been summarily arrested few days previously and that although he had escaped from prison six of his companions, he claimed, had been executed by political police. Legation information officer declined to grant him asylum.

There can be no doubt Legation will be faced with additional cases along lines foregoing in immediate future and for my guidance I should appreciate Department's urgent telegraphic comment and advice on foregoing.⁴

CHAPIN

⁴Telegram 1189, November 24, to Budapest, not printed, stated that while fully appreciating the plight of Hungarian opposition leaders, the Department concurred in the action taken by Minister Chapin and desired him to continue to be guided by past instructions in all matters of asylum (864.00/11-2147).

123 Chapin, Selden : Telegram

The Minister in Hungary (Chapin) to the Secretary of State

TOP SECRET

BUDAPEST, November 21, 1947—6 p. m.

URGENT NIACT

1871. For Armour and Hickerson. As Department will have gathered from my telegrams it is an integral and important part of the present Communist campaign for extending complete domination of Hungary to vilify the US and to endeavor to make out a case of conspiracy, espionage and warmongering against this Legation. Undoubtedly the Legation's reporting and information activities, and concomitant prestige in local political scene have impeded Communist progress to some extent and hence are obnoxious to Communist high command.

I think it possible as a result of the so-called "investigations" now going on of persons recently arrested that charges will be cooked up against American personnel this Legation. In particular McCargar¹ as political officer and possibly Revey² as information officer and as

¹ James G. McCargar, Second Secretary of Legation at Budapest.

² Lewis Revey, Information Officer at the Legation at Budapest.

result of warmonger charges may be attacked. It is also possible that one or two officers of this Legation may be declared *personae non gratae*. I may be requested to have them transferred elsewhere. This would be new departure, since as far as I am aware attacks on American officials in curtain countries have so far been limited to those who had already left the post. While such a sensational case might break at any time I doubt that it would come before Prime Minister and Foreign Minister return next week from Rumania.

Unless instructed to the contrary by the Department and unless there has been a clear violation of my instruction, I propose to assume personally entire responsibility for the acts of any officer or American employee of this Legation. I am aware that there has been some activities arising out of official implications to prominent Hungarian figures the details of which are not known to me, but this activity is understood now to have ceased because of current risks. While I do not believe that any case could legally be proved there are some important details which probably have leaked out through beneficiaries and so much is suspected that a case could be manufactured.

In reaching this decision I have weighed what I believe to be Department's desire that Legation and specifically chief of mission should remain on in a curtain country for as long as it may be possible but I feel that the loss of prestige to us were we to accept such a demand of Hungarian Government, if it should be forthcoming, to withdraw several officers would be such as to render my presence here useless and untenable. I believe that there is a good chance were I personally to assume the responsibility the demands for transfer elsewhere of personnel of this Legation might be dropped since presumably the Hungarian Government might hesitate before declaring a chief of mission *persona non grata*. On other hand should such a declaration eventuate which I would hope could be avoided I believe that no more damage would thus be done since in Hungarian eyes due responsibility would attach to me unless I made a specific denial and disavowal. Legation would be left in charge of Cochran³ until a new chief of mission were appointed and the cycle begin all over again.

The Department's instructions are requested.

Sent Department repeated London for the Secretary⁴ as 168.

CHAPIN

³ William P. Cochran, Counselor of Legation at Budapest.

⁴ The Secretary of State was in London for the Fifth Session of the Council of Foreign Ministers, November 25–December 12.

123 Chapin, Selden : Telegram

The Acting Secretary of State to the Legation in Hungary

TOP SECRET

WASHINGTON, November 24, 1947—6 p. m.

URGENT NIACT

1191. While we agree in principle as indicated Deptel 1188 Nov 22¹ that you should assume responsibility for official activities subordinate members Legation (urtel 1871, Nov. 21) we cannot question right Hungarians declare individuals *persona non grata* and would consider it contrary US interests upon which maintenance Legation predicated to carry assumption responsibility to point which would necessitate withdrawal Chief of Mission. In event Hungarians declare subordinate officers *persona non grata* as you anticipate you should be guided by foregoing.

Dept urgently considering transfer of McCargar but meanwhile you are authorized, if you consider Hungarian action against him imminent, to order his departure to Paris to await instructions.

LOVETT

¹ Not printed.

864.00/11-2547 : Telegram

The Minister in Austria (Erhardt) to the Secretary of State

SECRET

VIENNA, November 25, 1947—9 a. m.

1200. Peyer arrived Salzburg November 22.¹ Our 1180, November 21.² With approval of Army authorities attempt was made to arrange secret meeting in Vienna between him and Oskar Pollak of Austrian Socialist [Party] to discuss Peyer's plan for joint protest of European Socialist parties against treatment accorded Hungarian Social Democrats.

Meeting did not take place, however, as Austrian Socialists feel that any contact with Peyer who bolted his party would jeopardize their tenuous relationship with dissident elements in Hungarian Social Democratic party. Schaerf³ still thinks those elements may eventually succeed in ousting Szakasits.

¹ Former Hungarian Social Democratic Party leader Károly Peyer, who had been elected to the Hungarian National Assembly as a member of the Radical Party, announced the formation of a new Independent Social Democratic Workers Party on September 22. On November 21, he fled from Hungary.

² Not printed.

³ Dr. Adolf Schaerf, Austrian Vice Chancellor and leader of the Austrian Socialist Party.

Peyer himself believes Kéthly,⁴ Bán⁵ and others are by now so terrorized, knowing that police are prepared to prefer contrived but well documented charges against them, that any revolt by party majority against Szakasits is out of question.

Projected joint proclamation of Socialist parties about Hungarian developments is topic which Peyer now intends discuss with Swiss, French and Belgian Socialist leaders.

Sent Department 1200, repeated Budapest 390.

ERHARDT

⁴ Anna Kéthly, an officer in the Hungarian Social Democratic Party and editor of the party's afternoon daily newspaper.

⁵ Antal Bán, Minister of Industry and Assistant Secretary General of the Hungarian Social Democratic Party.

POLAND

EFFORTS BY THE UNITED STATES TO ASSURE FULFILLMENT OF WAR-TIME AGREEMENTS ON POLAND;¹ THE PROBLEM OF UNITED STATES ECONOMIC ASSISTANCE²

860C.00/1-547

*The Ambassador in the Soviet Union (Smith) to the Minister of Foreign Affairs of the Soviet Union (Molotov)*³

Moscow, January 5, 1947.

MY DEAR MR. MOLOTOV: My Government, as a signatory of the Yalta and Potsdam agreements, with particular regard to those sections of the two agreements which deal with the establishment of a representative government in Poland through the instrumentality of free and unfettered elections, has instructed me to inform you of the concern with which it views the pre-election activities of the Polish Provisional Government of National Unity. My Government is especially perturbed by the increasingly frequent reports of repressive measures which the Polish Provisional Government has seen fit to employ against those democratic elements in Poland which have not aligned themselves with the "Bloc" parties.

According to information reaching my Government from various authoritative sources, these repressive activities on the part of the

¹ Part VI "Poland" of the Report of the Crimea Conference of the Heads of Government of the United States, the United Kingdom, and the Soviet Union, February 4-11, 1945, *Foreign Relations*, The Conferences at Malta and Yalta, 1945, p. 973, and Part IX "Poland" of the Report of the Tripartite Conference of Berlin of the Heads of Government of the United States, the United Kingdom, and the Soviet Union, July 17-August 2, 1945, *Foreign Relations*, The Conference of Berlin (The Potsdam Conference), 1945, vol. II, p. 1508.

² For previous documentation on these subjects, see *Foreign Relations*, 1946, vol. VI, pp. 374 ff.

³ The source text was transmitted to the Department as an enclosure to despatch 707, January 9, from Moscow, not printed. The note was delivered in pursuance of instructions contained in telegram 15, January 4, to Moscow, not printed (860C.00/1-447). In telegram 29, January 6, from Moscow, Ambassador Smith reported as follows on the delivery of the note:

"In absence of Molotov who was away yesterday I saw Vyshinsky [Andrey Yanuaryevich Vyshinsky, Soviet Deputy Foreign Minister] last night and informed him orally and in writing of the US position in connection with the forthcoming Polish elections. The discussion lasted about an hour at the end of which Vyshinski stated that in his personal opinion the Polish Provisional Government had complied in all respects with the requirements of the Yalta and Potsdam agreements and that he was sure that any interference in this 'purely Polish affair' was unwarranted. He would, however, inform the Soviet Government of the contents of the American note." (860C.00/1-647)

Provisional Government have now increased in intensity to the point where, if they do not cease immediately, there is little likelihood that elections can be held in accordance with the terms of the Potsdam Agreement which call for free and unfettered elections "on the basis of universal suffrage and secret ballot in which all democratic and anti-Nazi parties shall have the right to take part and put forward candidates".

On December 18, 1946, Vice Premier Stanislaw Mikolajczyk addressed a communication⁴ to the American Ambassador in Warsaw in which he called attention to the reprehensible methods employed by the Provisional Government in denying freedom of political action to the Polish Peasant Party. This communication pointed out, *inter alia*, that the methods used by the Government in its efforts to eliminate participation by the Polish Peasant Party in the elections include political arrests and murders, compulsory enrollment of Polish Peasant Party members in the "Bloc" political parties, dismissal of Polish Peasant Party members from their employment, searches of homes, attacks by secret police and members of the Communist Party on Polish Peasant Party premises and party congresses, suspension and restriction by Government authorities of Polish Peasant Party meetings and suspension of party activities in 28 powiats, suppression of the party press and limitation of circulation of party papers, and arrest of the editorial staff of the party bulletin and of the *Gazeta Ludowa*. Authoritative reports from other quarters in Poland serve to substantiate the charges brought by Mr. Mikolajczyk in the communication cited. It is understood that copies of this communication were also delivered to the Soviet and British Ambassadors at Warsaw as representatives of the other two Yalta powers.

In the view of my Government, what is involved here is the sanctity of international agreements, a principle upon which depends the establishment and maintenance of peace and the reign of justice under law. The obligations with respect to the Polish elections which my Government assumed at Yalta and reiterated at Potsdam, together with the Soviet and British Governments, and the obligations subsequently assumed by the Polish Government and frequently reiterated, provide for the conduct of free and unfettered elections of the type and in the manner described above. It is of no significance that the subject matter of this international agreement relates to elections in Poland. The essential fact is that it constitutes a principle on which all four nations concerned have acted. Therefore, my Government believes that, for

⁴ For a summary of the communication under reference here, see telegram 1996, December 29, 1946, from Warsaw, *Foreign Relations*, 1946, vol. VI, p. 552.

any of the parties to this agreement to refrain from the most energetic efforts to see to its proper execution would be to fail in a most solemn obligation. For this reason, it is my Government's view that it is both a duty and a right for the three powers who are parties to the Yalta and the Potsdam Agreements to call to the attention of the Polish Government in a most friendly but in a most insistent manner the failure of the Polish Government to perform its obligations.

It is a source of regret to my Government that its own efforts in this direction have not resulted in any change in the course which the Polish Provisional Government has pursued in connection with pre-election political activities. My Government feels that it would be failing in its duty if it did not make further efforts prior to the elections to ameliorate the conditions under which certain democratic elements of the Polish population are now struggling in an effort to take their rightful part in the national elections. It intends, therefore, in the immediate future again to approach the Polish Government with a reminder of its obligations in connection with the elections and again to call upon it to provide those conditions of security which will enable all democratic and anti-Nazi parties to take full part in the elections.

I hardly need add that my Government is interested only in seeing that the Polish people have the opportunity to participate in a free and unfettered election, and that my Government does not regard the results of such an election as being a proper concern of anyone other than the Polish people themselves.

It is the hope of my Government that the Soviet Government, as a party to the Yalta and Potsdam Agreements, will associate itself with the United States Government in this approach to the Polish Provisional Government of National Unity.

A similar communication is being addressed simultaneously to the British Government.⁵

Please accept [etc.]

W. B. SMITH

⁵ The Secretary of State's note of January 5 to the British Ambassador, Lord Inverchapel, is included in file S60C.00/1-547. In his telegram 70, January 13, from Moscow, Ambassador Smith reported as follows:

"British Ambassador Peterson received instructions on 10th to make oral representations to Molotov on Polish elections along line expressed in our note but actually in a stronger tone. When I saw Peterson on 11th he was awaiting an appointment with Molotov and was obviously somewhat disturbed by the fact that he had been instructed to state that continuation of present line of action by provisional government of Poland might 'have effect of most serious nature on relations with British govt.'" (S60C.00/1-1347)

S60C.00/1-1347

*The Ambassador in Poland (Lane) to the Polish Minister for Foreign Affairs (Rzymowski)*¹

No. 852

WARSAW, January 9, 1947.

EXCELLENCY: I have the honor to refer to the Embassy's notes of August 19 and November 22, 1946² regarding the Polish national elections, to which no reply has yet been received, and pursuant to instructions from my Government to inform Your Excellency, as a signatory of the Yalta and Potsdam agreements, with particular regard to those sections of the two agreements which deal with the establishment of a Government in Poland, through the instrumentality of free and unfettered elections, of my Government's continued concern over the pre-election activities of the Polish Provisional Government of National Unity. My Government is especially perturbed by the increasingly frequent reports of repressive measures which the Polish Provisional Government has seen fit to employ against those democratic elements in Poland which have not aligned themselves with the "bloc" parties.

It is a source of regret to my Government that its previous efforts to call the attention of the Polish Provisional Government to its failure to perform its obligations under the agreement cited have not resulted in any change in the course which that Government has pursued in connection with pre-election political activities. According to informal information reaching my Government from various authoritative sources, these repressive activities on the part of the Provisional Government have now increased in intensity to the point where, if they do not cease immediately, there is little likelihood that elections can be held in accordance with the terms of the Potsdam agreement which call for free and unfettered elections "on the basis of universal suffrage and secret ballot in which all democratic and anti-Nazi parties shall have the right to take part and put forward candidates".

It is the view of my Government that this matter involves the sanctity of international agreements, a principle upon which depends the establishment and maintenance of peace and the reign of justice

¹ The source text was transmitted to the Department as an enclosure to despatch 1047, January 10, from Warsaw, not printed (S60C.00/1-1347).

On January 14, the British Embassy in Warsaw delivered a strong note to the Polish Government responding to an earlier Polish note containing allegations against the British Government and reminding the Polish Government of its obligations under the Yalta and Potsdam Agreements in connection with the forthcoming elections in Poland.

² For text of note of August 19, 1946, see Department of State *Bulletin*, September 1, 1946, p. 422. For text of note of November 22, 1946, see telegram 1095, to Warsaw, *Foreign Relations*, 1946, vol. VI, p. 517.

under law. The obligations with respect to the Polish elections which my Government assumed at Yalta and reiterated at Postdam, together with the Soviet and British Governments, and the obligations subsequently assumed by the Polish Government and frequently reiterated, provide for the conduct of free and unfettered elections of the type and in the manner described above. The fact that the subject matter of these agreements relate to elections in Poland is incidental. The essential fact is that they constitute an international agreement under which all four nations concerned have assumed obligations. I need hardly say that my Government is interested only in seeing that the Polish people have the opportunity to participate in a free and unfettered election and that my Government does not regard the results of such an election as being a proper concern of anyone other than the Polish people themselves.

My Government would be failing in its duty if it did not again point out that the continuation of the present policy of suppression, coercion, and intimidation as applied to political opposition in Poland constitutes a violation of the letter as well as the spirit of the Yalta and Potsdam agreements.

I avail myself [etc.]

ARTHUR BLISS LANE

860C.00/1-1447: Telegram

The Ambassador in Poland (Lane) to the Secretary of State

CONFIDENTIAL

WARSAW, January 14, 1947—5 p. m.

URGENT NIACT

77. Following is unofficial translation Polish note January 14 signed by Olszewski¹ replying to our note January 9 (Embtel 76, January 14²).

"In connection with Your Excellency's note of January 9 of this year and with the preceding notes regarding the elections in Poland I have the honor to communicate to Your Excellency in the name of my govt that the elections to the national representation in Poland will be carried out in accordance with the principles of Polish constitutional law and declarations made in Potsdam by the Polish Govt of national union.

"The election law passed on Sept 27, 1946 and all of the subsequent executive orders by the legal authorities determine the manner of carrying out the elections in accordance with the above principles.

"It is the objective and unchangeable concern of the Polish Govt to have the widest will of the Polish citizen participate in the elections and to have the result of the elections be the expression of the will of the voting citizens. My govt states regretfully that the fears raised in

¹ Jozef Olszewski, Polish Acting Foreign Minister.

² Not printed.

the notes of Your Excellency to the MinFonAff in connection with the elections apparently are based on distorted facts and unfounded reproaches which are raised by the anti-democratic elements which are working in Poland. I believe that the Govt of the US is aware that besides the lists of candidates of all Democratic and anti-Fascist parties there were also admitted lists of other political parties which were not registered as for instance the groups of Polish Catholics.

"In the light of the above decisions and executive orders there could not be any doubt that the elections to the national representative body which is a natural privilege of Polish sovereignty will take place on January 19 of the current year in accordance with the tradition of Polish democracy and of the will of the Polish nation.

"Considering this state of affairs it does not seem to my govt that further consideration of this question should find any justification. I take this occasion to convey to Your Excellency the expression of my deep esteem."

LANE

860C.00/1-1547 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

RESTRICTED URGENT

Moscow, January 15, 1947—9 p. m.

99. Following is Embassy's translation substance of note signed Molotov dated January 13 but received last night, January 14:

"In connection with your note of January 5, 1947, regarding the impending elections in Poland, I consider it necessary to inform you of the following.

"The Soviet Government cannot agree with the accusations contained in the note under reference against the Polish Provisional Government of National Unity of violating the obligations imposed on it by the decisions of the Yalta and Berlin conferences envisaging the holding in Poland of free and unfettered elections on the basis of universal suffrage, by secret ballot, in which all democratic and anti-Nazi parties will have the right to take part and put forward candidates.

"The Government of the USA advancing in its note of January 5, a series of accusations against the Polish Government, states that the basis therefor are reports coming to the American Government, and makes reference to the sole source of the information received—to the communication of the Vice Premier of the Polish Government, S. Mikolajczyk, who transmitted to the American Ambassador in Warsaw reports of the above character, which the American Government considered possible to reproduce in its note.

"In the note are repeated the accusations against the Polish Provisional Government contained in Mikolajczyk's statement of repressive measures directed against certain members of the party he represents. In this connection, however, there are completely ignored widely known facts concerning the participation of certain of the members of Mikolajczyk's party in the activities of underground

organizations, who resort to every kind of threat, to violence, and to murder in order to interfere with the normal conduct of the electoral campaign for the Sejm.

"Among other things, numerous facts are known concerning bandit attacks on electoral districts, terrorization of electors with threats in respect of adherents of the government and of the democratic bloc and even a whole series of murders of members of the electoral commissions.

"In this situation, the Polish Government cannot remain indifferent and not undertake decisive measures with respect to the criminal elements who are endeavoring to disrupt the free and unfettered elections for the Sejm, even though certain members of Mikolajczyk's party should be guilty in this.

"As is known, Poland suffered grievous years of German occupation, the consequences of which are still apparent at the present time both in the difficult economic conditions as well as in the difficulties in overcoming of the remnants of the banditry generated in the period of occupation of Polish territory by German troops.

"It is impossible also to ignore the criminal activities of fascist *émigré* circles endeavoring to base themselves on their underground organizations in Poland, particularly, having in view the connection of these underground organizations with the bandit elements who avail themselves of every kind of violence, even of murder of representatives of the Polish authorities and leaders of the democratic parties. In these circumstances the Polish Government would not be fulfilling its duty to the people if it did not take measures against these criminal elements to assure the conditions necessary for the holding of free democratic elections. To interfere with the carrying out of such measures would be inadmissible particularly on the part of foreign governments.

"In view of the foregoing, the Soviet Government does not perceive any basis for the taking of any such steps, as the Government of the USA proposes, with respect to the Polish Government in connection with the impending elections in Poland and thereby in this fashion bringing about interference in the internal affairs of Poland on the part of the powers who signed the Yalta and Berlin agreements."

Dept please repeat Warsaw as Moscow's 3.

[SMITH]

860C.00/1-1847 : Telegram

The Ambassador in Poland (Lane) to the Secretary of State

TOP SECRET

WARSAW, January 18, 1947—2 p. m.

URGENT NIACT

97. For the Secretary of State. The American and British and Soviet Ambassadors under the terms of the Yalta decision have an obligation to report to their respective govts on conditions in Poland. If those reports are to be of any worth to their govts they must be based not

only on personal observation but on what the Ambassadors are told by persons of all shades of political thought and not merely on official Soviet handouts. Much of our info has come from Mikolajczyk who is not only Vice Premier and Minister of Agriculture and he is technically an important member of the govt whose inclusion therein was one of our prices of recognition of the Provisional Govt of National Unity but is also head of the Polish Peasant Party which at least until the recent campaign of arrests, intimidation and coercion enjoyed the most numerous membership of all the parties.

Mikolajczyk has in fact acknowledged through his note of December 18 to the representatives of the Yalta powers which has been published by the Dept that he was [*has*] given info to foreign govts re repressive and illegal measures taken by the govt. The death sentence meted out January 15 to Grocholski ¹ for imparting info to a foreign Ambassador has therefore a most sinister aspect when considered in relation to the internal political situation and to Mikolajczyk's safety as well. It should be noted also that Polish Govt in its note of January 14 makes no reference to our observations re Yalta obligations and indicates that the Polish elections are none of our business.

In light of Polish Government's series of actions against PSL and Bierut's ² and Gomulka's ³ statements re Mikolajczyk I consider it a foregone conclusion that Mikolajczyk will not be retained as a member of govt once the PSL [*new?*] Sejm convenes and a president is elected. Worse I anticipate in view of recent developments reported *supra* that he may be tried for treason and specifically for having imparted information to foreign Embassies. In such event we may expect another Mikailovitch ⁴ case. Once the case against him is *sub judice*, we may find it impossible effectively to send assistance.

Should Mikolajczyk or his principal colleagues be arrested for foregoing reasons I intend unless instructed to the contrary to make a vigorous oral protest to the Polish Govt along the lines of the argu-

¹ On January 14, the Warsaw Military Tribunal pronounced the death sentence on Count Xavier Grocholski, Waldemar Baczak, and Capt. Witold Kalicki after their conviction on charges of having supplied state secrets to the British Ambassador, Victor Cavendish-Bentinck.

² Bolesław Bierut, Polish President (President of the National Council of the Homeland).

³ Władysław Gomulka, Deputy Prime Minister of the Polish Provisional Government of National Unity and Secretary General of the Polish Workers Party (Communist). Telegram 36, January 9, from Warsaw, not printed, reported in part as follows regarding Gomulka's January 5 election speech in Lodz:

"Latest Gomulka speech together with unprecedentedly violent bloc press campaign featuring charges Polish Peasant party connection with underground and defenders of Germany are viewed here as latest step in campaign to link support of Mikolajczyk with national treason and to justify extremely severe measures now being taken against Mikolajczyk's party." (860C.00/1-947)

⁴ In 1946 Yugoslav wartime guerrilla leader Gen. Draža Mihailović was tried, convicted, and executed for alleged crimes against the Yugoslav state.

ments in this telegram emphasizing the most unfortunate effect which would be made on American public opinion if any harm should be inflicted on Mikolajczyk because of political activity and the corresponding damage which would result to the Polish Provisional Govt insofar as financial and other assistance from the US is concerned. Of course any representations which I might make would be far more effective if I could say that I had been instructed to make them by my gov't. I should therefore greatly appreciate urgent telegraphic instructions.⁵ (The Dept may also wish to consider advisability of approaching Soviet and British Govts urging them also to make similar *démarches*.)

As we took such an important role in urging Mikolajczyk join the Provisional Govt I feel that we have far more than a humanitarian responsibility to endeavor to protect him from the fate of Mikailovitch.

LANE

⁵ Telegram 55, January 20, to Warsaw, replied as follows:

"Dept agrees that should developments foreseen urtel 97, Jan 18 eventuate you should immediately make vigorous oral protest to Pol Gov. While Dept does not question soundness your view regarding damage to any further financial assistance to Poland it believes any reference this subject in your protest inadvisable. While Dept has no objection your stating you have been instructed to make protest you should leave way open for Dept to send you specific instructions for a further protest based upon actual circumstances." (860C.00/1-1847)

860C.00/1-2147 : Telegram

The Ambassador in Poland (Lane) to the Secretary of State

CONFIDENTIAL

WARSAW, January 21, 1947—7 p. m.

107. Following preliminary report on elections is based on observations by Embassy officers in districts of Warsaw, Radom, Kielce, Lodz, Lublin, Bialystok, Wroclaw, Olsztyn, Bydgoszcz and Czestochowa. Supplemental report will follow after return Embassy observers from Szczecin and Rzeszow and receipt reports from Poznan, Krakow and Gdansk.

Great mass of Polish people have felt for some time that "free and unfettered" elections could not be held in Poland owing to complete subservience of Polish Provisional Government to Soviet Russia, presence Soviet Army in force, and repressive measures of Communist Government in Poland. Hence, before January 19, there was conviction among populace that result elections in favor Government whether arranged through coercive or fraudulent counting of votes was foregone conclusion. This attitude of Polish people continued through election day as observed by Embassy officers and American news correspondents and expressed itself in a discernible feeling of apathy, hopelessness and fatalism on the part of the voters.

Thus far, it has not been possible for Embassy to ascertain percentage of abstention from voting but such abstention as occurred is believed to have been largely result of intimidation, torture, arrests and invalidation by Government of candidates and voters.

There was considerable mass and individual voting for Government bloc by opposition elements owing to widespread pre-electoral intimidation effects of which carried through to depositing of ballots. During election, voters were urged to vote "democratic bloc" through available means propaganda and intimidation both veiled and open including bloc placards mass parades of voters exclusive display of No. 3 government bloc ballots outside and inside polling places, physical scarcity of PSL balloting slips, encouragement of voters to place No. 3 cards in envelopes, et cetera. Vis-à-vis these methods, the PSL was not allowed to make itself seen, heard or felt as evidenced by complete absence of PSL posters or signs of any sort and widespread lack of PSL ballot slips.

Although there were no voting booths or curtains seen in any of the districts reported on although voters were openly encouraged to vote for Government through display on counters of stacks of No. 3 ballots and although prospective PSL voters had difficulty in casting their ballots secretly, secret voting could often be accomplished when voters took especial pains to insert ballots in envelopes which were handed to them by precinct electoral commissions without detection by members such commissions, by military and UB guards and by other voters present.

No disturbances were noted on election day, voting being carried out with calm and quiet. There was general orderliness in voting places, excepting in certain Lublin areas where confusion and disorganization prevailed and several hundred voters were turned away at close of voting at 7 p.m.

With minor exceptions, Embassy observers were well received at voting districts and in most cases admitted freely to polling booths. Accompanied by Mrs. Lane, Dorothy Thompson and Laird of CBS, I was in fact invited to enter polling booth at Sokotow (near Warsaw) January 19 and enabled to observe electoral routine.

Military and Naval Attachés would appreciate prompt transmission contents this telegram to War and Navy.

LANE

860C.00/1-2347 : Telegram

The Ambassador in Poland (Lane) to the Secretary of State

TOP SECRET

WARSAW, January 23, 1947—6 p. m.

131. For Secretary Marshall. All our teams having returned to Warsaw after observing elections in various parts of country, I feel

in a position now to submit preliminary recommendation which will be supported by individual reports from all our observers in despatch which will leave Warsaw by pouch next week (districts covered are following: Warsaw, Wroclaw, Szczecin, Bialystok, Radom, Kielce, Lodz, Torun, Bydgoszcz, Rzeszow, Przemysl, Czestochowa, Lublin, Olsztyn, Krakow, Poznan, and Gdansk).

As anticipated in mytels 1972, 22nd, 2017, and 2018, 31st, all of December, 1946,¹ the election itself was a mere formality in implementing the decision which had obviously been previously reached between the govt bloc parties and the Soviet Govt to retain in power the Communist controlled minority. The steps which were taken are amply described in Mikolajczyk's note to the Yalta representatives dated December 18, 1946. These steps have been confirmed by our observers, who were instructed by me to contact observers both govt and opposition (but not underground) in various districts. The election itself was therefore merely a mechanical routine to indicate, as did the so-called votes of confidence given to Hitler following the Austrian *Anschluss* in 1938, a legal justification for continuing in power. What to my mind is more significant is that yesterday, when the govt declared half holiday to permit all govt employees to manifest their "satisfaction" on the result of the election, the apathy was so evident as to occasion mirth on the part of the non-govt spectators. The US Govt, as one of the Yalta participants, must now make its decision, the gravity of which is obvious, for Poland. All Poles with whom we have been in contact directly or indirectly, even including govt officials, are asking this question: "What is the US going to do?" I revert to my letter of March 1, 1946,² to Mr. Matthews in which I expressed the opinion which I still hold that only through the exercise of American public opinion can the Soviet Govt be prevailed upon to ease its policy of domination of European countries which do not desire such domination, and to refrain from further imperialistic expansion; in other words, to invade politically nations which in the past it was willing to regard as political spheres of influence of the western powers.

Tomorrow I propose to have a meeting with the representatives all Warsaw papers and press associations. At this meeting I propose to tell them, without attribution to the Embassy (although surely this information will indirectly reach the Polish Govt) that, according to reports which I have received subsequent to the elections, the elections took place in accordance with the views expressed in the US Govt's notes of January 6, 1947, to the Soviet Govt, and of January 9, 1947, to the Polish Govt.

¹ None of the telegrams under reference here has been printed.

² Arthur Bliss Lane, *I Saw Poland Betrayed: An American Ambassador Reports to the American People* (New York, Indianapolis, The Bobbs-Merrill Company, 1948), pp. 193-196.

I earnestly urge the Dept as soon as my written report is received based on the observations of more than twenty members of the Embassy Staff, including newspaper correspondents who were invited to join the Embassy teams, that our position be made emphatically clear and publicly to the Soviet and Polish Govts (with a copy sent to the British according to diplomatic etiquette) that the US Govt cannot acquiesce in result of elections in which, despite Soviet note of January 13, and Polish Govt note of January 14, we had direct obligation as a result of Yalta and Potsdam decisions, and that US Govt reserves its right as a participant in those decisions to determine its future policy towards Polish Provisional Govt on the basis of what it considers to be fraudulent elections.

As I explained to officials of Department in November, I believe it would be most inadvisable to break diplomatic relations to indicate our dissatisfaction. Nothing would be more satisfactory to Communist clique if we withdrew our influence and prestige from Poland. If the President and Dept concur in views expressed above, I should appreciate it if the President would permit me either to be transferred to another post as suggested to Secretary Byrnes in my letter of December 23, 1946,³ or to be permitted to retire.

For all practical purposes, my mission to Poland is ended, and I believe that I could do more in educating American public opinion through the writing of articles as a private citizen, or as an Envoy in some other country than I can by remaining here, where my continued presence would—in the unquestioned absence of publication of our views in Poland—be considered as tacit acquiescence in the recent fraud.⁴

We are in a very different position from the British. The British Ambassador probably will be declared *persona non grata*. In fact, Zebrowski,⁵ of Polish Foreign Office, is believed to be leaving for London to arrange for Bentinck's recall. I do not believe that Polish Govt will take similar action towards me, or against any US Ambassador succeeding me, because of its having to depend on US for financial and economic assistance.

I should be very grateful if the Dept would give me its impressions on my views on a situation which I regard as objectively as one can

³ Not printed.

⁴ Telegram 82, January 28, to Warsaw, replied on this point as follows:

"Your desire terminate your mission in Poland and reasons therefor are fully appreciated. It is contemplated that orders for your return to Washington for consultation will be issued shortly." (860C.00/1-2347)

In accordance with subsequent Departmental instructions, Ambassador Lane left Warsaw on February 24 and arrived in Washington on March 6.

⁵ Thaddeus Zebrowski, Director, Anglo-American Division, Polish Foreign Ministry.

judge any situation from a post like Warsaw as one of the most far-reaching in its implications insofar as American foreign policy and the possible creation of military hostilities are concerned. I believe that now is the time to state our policy clearly and emphatically, and without diplomatic evasion or reserve. Most respectfully, I urge that this policy be enunciated before the meeting at Moscow takes place.

LANE

Editorial Note

On January 28, the Department of State released to the press a statement, approved in advance by President Truman, setting forth the position of the United States Government on the conduct of the recent Polish general election. For the text of the statement, see Department of State *Bulletin*, February 9, 1947, page 251.

860C.00/2-347 : Telegram

The Ambassador in Poland (Lane) to the Secretary of State

CONFIDENTIAL

WARSAW, February 3, 1947—11 a. m.

179. For Secretary Marshall. On Feb 1 I had general talk with Premier ¹ to give him unofficially background as published in *Sat Eve Post* re US public opinion on Polish western frontiers and also to give him my impressions of present trends in US based on my recent trip home ² re supplying of food supplies to European countries. Principal reason for my asking interview was to impress on Osobka-Morawski great danger to Polish independence because of policy followed by Communists in Govt. I feel that Osobka's position during next months will be increasingly precarious because of his PPS affiliation and I thought it well to make to him remarks such as "I know you are a Polish Patriot but I am very apprehensive re attitude of Communists in Govt who are Communists first and Poles second."

2. I explained reason for Secretary Byrnes' Stuttgart speech ³ and said that it was unfair and inaccurate on part of Polish Govt press to interpret it as contrary to Polish interests. On contrary it was a protection to Poland because it impeded unilateral action against Poland.

¹ Edward Osobka-Morawski, Prime Minister of the Polish Provisional Government of National Unity.

² Ambassador Lane was in the United States during October and November 1946 for consultation; for his own account of the trip, see Lane, *I Saw Poland Betrayed*, Chapter XVIII.

³ For the text of the Secretary of State's speech on American policy toward Germany, delivered in Stuttgart on September 6, 1946, see Department of State *Bulletin*, September 15, 1946, pp. 496-501.

It is significant that Osobka made no comment except at times to smile which led me to believe that he was not in disagreement with my statements re danger Communist domination of Poland. In my opinion he is fully cognizant of Red plans for elimination all independent elements—even relatively subservient Govt controlled PPS—from political life in Poland. I made it clear that views expressed were purely personal and that I had no instructions on subject but from recent trip home I was convinced American people are fed up with Communist attempts dominate Europe and rest of world. I said American people slow to take action but once we become aroused as in case of Hitler we don't give up until job is finished. I said I hoped Communists would realize this before it is too late.

3. On food situation I said there is great reluctance on part of American public to furnish supplies to European countries unless distribution is controlled by US. Use of UNRRA supplies for political purposes in Yugoslavia was cited as one reason for this attitude. (For reasons of tact I did not refer to irregularities in Poland re distribution of UNRRA supplies.) I also mentioned that abundant food supply available in Poland for those who have sufficient financial means would be an argument to Congress for wondering why Poland should be given further food supplies. (Osobka said Poland would be in serious need of cereals before next harvest.) We discussed rationing of food-stuffs. Osobka said Polish Govt wished to maintain open market but that any one who had money could buy all he wanted. I indicated my opinion that if only rich people could have abundant food Polish Govt policy is undemocratic and unjust. He said Poles were so accustomed during occupation to violations of Nazi regulations—then considered to be patriotic duty—that rationing restrictions would be violated in any case even today.

In answer to my question he said that he had never received letter from La Guardia since latter's trip to Poland.⁴ Although I did not say so I had in mind La Guardia's promise to me to write re Polish Govt's permitting American Embassy to have access to American citizens arrested for political reasons.⁵

Conversation was conducted on most cordial and friendly plane. I did not mention recent elections. Feeling that PSL will be out of Govt after Feb 4 I wished to give some hope to leader of only element

⁴ Fiorello La Guardia, Director General of the United Nations Relief and Rehabilitation Administration, visited Poland in August 1946.

⁵ In a letter to La Guardia dated February 1, not printed, Ambassador Lane protested strongly against the errors in fact and criticism of American diplomatic representatives contained in an article by La Guardia published in the newspaper PM on January 4, 1947. Ambassador Lane also protested against La Guardia's failure to write a letter to Polish Prime Minister protesting against the treatment of American citizens in Poland. (Polish Desk File: Lot 58 D 407: File "Arthur Bliss Lane")

left in Govt which in its heart of hearts is anti-Communist and nationalistic that all our eggs are not in Mikolajczyk basket much as we may deplore measures taken against him and his party.

At close of interview Osobka requested me send you his most sincere good wishes.

LANE

860C.00/2-347 : Telegram

The Ambassador in Poland (Lane) to the Secretary of State

CONFIDENTIAL

URGENT

WARSAW, February 3, 1947—1 p. m.

181. I gave to Cardinal Hlond ¹ today Polish translation of Dept's statement of January 28 ² which he described as "excellent" and said that it would have very good effect on Polish people. He said it is most important for our govt to distinguish between Polish Govt which does not represent Polish people and Polish people itself and for this reason he hoped would not sever diplomatic relations. Cardinal said that withdrawal of foreign Embassies would mean end of Polish people and end of association of Poland with western world.

I told Cardinal confidentially that I would not attend opening of Sejm tomorrow and in event that mass is said in Procathedral as has been reported I hoped he would not construe my absence as lack of respect to his church. I said I had heard reports that Bishop of Katowice had been requested by govt to offer mass.

Cardinal said that position of church has been distorted by govt so as to make it appear that church approves recent elections to Sejm. Bishops of Katowice and Lodz have been requested by govt to offer masses on Sunday following elections as indication of popular jubilation. He directed bishops to inform govt that masses would be held on Sunday as always and persons attending masses would pray according to their intentions (he added ironically that few of members of govt knew how to pray). Bishop of Lodz had also been requested by govt to ring churchbells on Sunday following elections as indication of thanksgiving. Cardinal instructed bishop to say that few churchbells in Poland due to confiscation by Germans but churchbells would call faithful to mass every Sunday throughout Poland. If people wished to construe this as thanksgiving that is up to individuals.

Cardinal said that up to now he had not been requested to offer mass on occasion of opening of Sejm. If he were so requested he would give permission as it is policy of church always to permit people to pray whether people are an association of barbers or members of

¹ Archbishop of Gniezno and Warsaw and Primate of Poland.

² See the editorial note, p. 414.

Polish Govt. He said emphatically, however, that neither he nor any of his bishops would attend mass for obviously Polish Govt would wish to construe mass as a political event and this Cardinal could not tolerate.

Cardinal said that his views are that election to Sejm was due to intimidation, violence and falsification and that Sejm did not represent in any way will of Polish people.

I said I felt sure my govt would be gratified to learn that the primate of over 20 million Poles endorsed the views which General Marshall had expressed on January 28 and that I personally was glad that opinions of our observers and myself had been confirmed by highest authority of church in Poland.

LANE

701.60C11/2-447

Memorandum of Conversation, by the Chief of Protocol (Woodward)

CONFIDENTIAL

[WASHINGTON,] February 4, 1947.

Participants: The President
Josef Winiewicz, Polish Ambassador
Stanley Woodward, Chief of Protocol

The President received the new Polish Ambassador, Josef Winiewicz, at 12:00 noon today.

After an exchange of courtesies, the Ambassador said that he considered it a great honor to represent his country in Washington, that these were critical times for his country and that it would be his mission to send to Warsaw such communications that we might have to make to the Polish Government and that he would undertake in turn to keep us informed of developments in his country. The Ambassador also said that Poland would never forget the help given by the U.S. at the end of the first World War and at the end of the second World War.

The President replied that we should like to be helpful and that as the Ambassador had stated, we had proven our desire by our actions; the United States had made heavy sacrifices during this war; we did not seek territorial gains or reparations and we did not believe that dividing up spoils among the victors was the way to peace. The President went on to say that we did not like the elections held in Poland, that they were not in accordance with the Agreement made at Yalta nor with the terms of the Agreement made at Potsdam and that we wanted to be on friendly terms with Poland but that the Polish Government would have to make that possible. The President said that he was not unmindful of the terrible times through which Poland

had passed and that the long established friendship between our two nations gave us a most friendly sympathy toward that country, that he repeated we wished to continue on friendly terms with Poland if possible, and that he had nothing further to say.¹

The President thereupon arose and terminated the visit, something which I have never seen him do before.

¹ For the texts of the prepared remarks exchanged between President Truman and Ambassador Winiewicz on the occasion of the presentation of the Ambassador's letters of credence, see Department of State *Bulletin*, February 16, 1947, pp. 298-299.

711.60C/2-1747 : Telegram

The Ambassador in Poland (Lane) to the Secretary of State

SECRET

WARSAW, February 17, 1947—6 p. m.

279. February 15 I called on Premier Cyrankiewicz¹ accompanied by Keith² and Zagorski³ to pay my respects and to take leave. Am reporting fully by airgram⁴ interview which lasted 90 minutes. As Cyran was not responsible for actions of Polish Government prior to his taking office and as I am leaving Poland it was possible for me to have franker talk regarding our dissatisfaction regarding present Polish-American relations than I have been able up to now.

I said I did not wish to discuss elections as our position has been so fully made known by Department in its various notes and in Secretary Marshall's statement January 28.⁵ I emphasized obstructionist attitude of Polish Government and especially of Foreign Office in matters vitally concerning US such as protection American citizens, attitude of government-controlled press, aviation agreement and many other individual cases.

I said that press was continually stressing Soviet friendship for Poland and resulting aid from Soviet Union but in effect Soviet Union had refused Polish request for 500,000 tons of grain and in my opinion Soviet Government could not furnish financial aid to Poland. Cyran expressed agreement. That being case from what source was Poland to obtain financial assistance so sorely needed at this time? I asked Cyran how Polish Government in light of its continual attacks on US and hostile attitude displayed publicly can expect US to furnish financial assistance. I pointed to our great material aid furnished through UNRRA as well as through private

¹ Józef Cyrankiewicz, General Secretary of the Polish Socialist Party, was designated Prime Minister in the new Polish Cabinet formed on February 7.

² Gerald Keith, Counselor of the Embassy in Warsaw.

³ Steven Zagorski, Foreign Service staff officer in the Embassy in Warsaw, who served as interpreter for Ambassador Lane.

⁴ Airgram 111, February 18, from Warsaw, not printed (711.60C/2-1847).

⁵ See the editorial note, p. 414.

relief organizations \$90 million credits furnished by US Government and in turn Polish Government treats US as though we were Poland's most dangerous enemy.

Cyran did not deny my charges but indicated that persons in government attacking US did not truly represent government's views. I begged to differ with him saying that I had been brought up on theory that Foreign Ministry is always official government mouthpiece.

Cyrankiewicz said that regardless of attitude which Polish Government had assumed towards US which he deprecated he hoped we would not desert Poland. If we should cut off assistance we would push Poland to the east and would make Poland more dependent economically and politically on Soviet Union than is now the case. He said that he and leaders of Socialist Party wished to regain independence for Poland but this is not possible unless Poland has closer ties with west.

I concluded interview by stressing importance for Poland's own sake that Polish Government embark on new policy and spontaneously indicate desire to cultivate our friendship rather than obstruct our attempts to protect our interests and to work more harmoniously together.

Cyran impressed me as quiet spoken strong and resourceful man with keen appreciation of Poland's precarious position due to geographical reasons. In my opinion he has courage tempered with discretion. With exception of Mikolajczyk he is first Polish Government official with whom I have spoken who has been bold enough to admit that Polish Government is under domination Soviet Union and that it is not independent to act on its own initiative.

The important question now to determine is whether Cyran will be permitted by Moscow masters of this government to issue a strong policy or whether he may modify attitude which he expressed to me because of realization that he could not go counter to line charted by Soviet Government.

LANE

860C.00/2-2447 : Telegram

The Ambassador in Poland (Lane) to the Secretary of State

TOP SECRET

WARSAW, February 24, 1947—10 a. m.

313. For the Secretary. In farewell talk with Mikolajczyk Feb 20 he said to me new "little" constitution recently passed by Sejm puts absolute power in hands of councils of state as follows:

National Council of State composed of President of Republic Bierut (Communist); Marshal of Sejm Kowalski (Communist); three vice

marshals Zambrowski (Communist), Barcikowski (Communist) and Szwalbe (Socialist partial to Communists) and three members to be elected by Sejm (probably will be Communists); Councils of State in each wojewostwo; Councils of State in each powiat; and Councils of State even in the smallest villages. According to Mikolajczyk this govt by councils of state will put complete control of nation in hands of Communists and will remove from Council of Ministers and from Sejm last vestige of authority. He said that from now on there is absolute dictatorship in Poland.

Foreign observers including certain diplomatic representatives have expressed to me frankly apprehension re steps which are obviously in direction of Sovietization of Poland. I concur with them and with Mikolajczyk (and also with Zulawski former head of old Socialist Party whose last speech at Sejm complaining re deletion first speech was completely expunged from congressional record) that Communists feeling themselves firmly seated in saddle will now gradually take over complete control. Socialists for time being will be permitted, these observers comment, to have the impression they are still a potent factor in govt but as matter of fact it is probable [Cyrankiewicz?] will be allowed merely preside over meetings Cabinet which in any case will not be able make decisions of policy.

It would be foolish on my part to predict whether or not Poland eventually will be incorporated within Soviet Union. But it is clear that whatever the technique employed the policy of Poland's Communist masters is to bring Poland more and more under Communist domination. The "little" constitution clearly demonstrates this intention.

Mikolajczyk and others have also commented to me re misleading provisions of amnesty decree. They recognize govt's gesture to reassure Polish people by forgiveness for their political opposition but they say that these persons released temporarily under amnesty law in order that govt may obtain advantages (such as credits from US) can of course be rearrested as soon as need arises.

On Feb 22 made farewell calls on ForMin¹ and on other FonOff officials. When Modzelewski referred to Mine's² recent trip to US and to satisfaction of Polish Govt's results I took occasion to mention that while International Bank could not under its charter be influenced by political considerations in granting or refusing credits it could and in my opinion would be influenced by fact that good faith or lack of

¹ Zygmunt Modzelewski.

² Hilary Mine, Minister of Industry and Commerce and a leader in the Polish Workers' Party (Communist), who had headed a Polish economic delegation which visited the United States in November-December 1946.

good faith is an element to be considered as to whether a govt requesting credits is or is not a good credit risk.

I took occasion to express my personal opinion on this my last visit to FonOff that Polish Govt had made great mistake despite my repeated pleas since August 1945 to continue its attacks thru the press and otherwise against US. I expressed personal hope that govt would adopt more friendly attitude to US and concluded with statement that altho we desired friendship with Poland I thought US could still continue as great power without friendship of Polish Govt, that I doubted whether Poland could thrive without support of US.

Modzelewski said that press attacks were merely propaganda and that we should not regard them too seriously. He said that as soon as the western frontiers are settled conditions would quickly be normalized. Amnesty for political offenses would also accelerate pacification which would include *inter alia* amelioration of relations with east (cynicism of this remark is so patent as to require no comment on my part).

I again urge Dept as well as our Govt's representative on International Bank to give no favorable consideration to any request for economic or financial assistance to Poland until I have had an opportunity to discuss whole problem in Washington.

Keith was present at above mentioned talks with Mikolajczyk, Zulawski, Modzelewski and other FonOff officials.

LANE

711.60C/4-347

Memorandum of Conversation, by the Chief of the Division of Eastern European Affairs (Thompson)

[WASHINGTON,] April 3, 1947.

The Ambassador¹ said that he was very much disturbed at the course which Polish-American relations were taking and that he wished to talk quite frankly about them. In the course of a very long discussion the Ambassador expounded the thesis that there was a division in the Polish Government. One group felt that if Poland tied itself to the Soviet Union economically it would be brought down to the economic level of that country and that Poland should therefore develop its relations with the west to the maximum extent possible. The other group, and he observed that this included many non-communists, felt that Poland was already so far in the Soviet orbit that it would be impossible to hope for any assistance from the west and that the only possibility was for Poland to throw its lot in completely with that of the Soviet Union. The Ambassador observed that the

¹ The Polish Ambassador, Jozef Winiewicz.

recent developments in American-Polish relations furnished ammunition to the latter group. He mentioned specifically the following:

(1) Polish inability to secure American assistance for the purchase of American cotton.

(2) The difficulty in purchasing ships under the Ships Purchase Act.

(3) The fact that former Ambassador Lane had held a press conference at which he bitterly attacked the Polish Government, at the State Department, in circumstances which implied that his remarks were inspired and supported by the Department of State.²

(4) Indications which he had received in discussions with Congressmen that Poland might not even be able to obtain food relief.

(5) Our failure to sign the agreement on compensation for the nationalization of American property in Poland. His government had thought that the negotiation of this agreement would be one of the most useful things it could do to diminish friction between the two governments but we had not ratified the agreement because of some legal technicality.

The Ambassador said he was fully aware of our position that the Polish elections had not come up to American standards but that he felt they had been as fair as possible in view of the necessity, imposed by circumstances, of preventing violent anti-Soviet elements from gaining control.

He added that he felt it was his duty as Ambassador to do everything possible to improve relations and he asked my opinion as to whether I thought it would be useful for him to have a frank discussion of these problems with Mr. Acheson.

In reply, I confined myself chiefly to commenting upon the specific points the Ambassador had raised.

I said that with respect to the Polish desire to purchase ships, I understood that the Polish Government now desired to purchase one of these ships for cash. I said that one of the factors in determining which of the claimants should have priority was the extent to which the tonnage of the country's shipping had already been restored. I said that in this respect Poland was comparatively not badly off. I said, however, that I understood that the Polish request was under active consideration and that there appeared to be a very good possibility that the only ship now available would be allotted to Poland.

With respect to Mr. Lane's remarks, I pointed out that Mr. Lane had carefully explained to correspondents that he was receiving the press at the State Department solely as a matter of convenience be-

² On March 25, the Department of State announced the resignation of Ambassador Lane effective March 31. For the texts of Ambassador Lane's letter of resignation to President Truman, dated March 21 and the President's reply of March 25, see Lane, *I Saw Poland Betrayed*, pp. 301-302. The Ambassador's personal press conference at the Department of State referred to here occurred on April 1.

cause he was keeping his office there for a few days in order to clean up some of his affairs. I agreed that it was unfortunate that, despite this, the press had played up the fact that the conference was held in the State Department.

With respect to relief, I said I did not think I needed to assure him of the genuineness of the humanitarian feelings of the American people and government. I pointed out that the Department had included Poland in the countries for which authorization to grant relief had been requested, but said that of course actual relief would depend upon need and, in any event, this was now a matter for congressional action. I remarked that there were many people in Congress and a large part of the American public that thought that, because of the abuses that had taken place and the political misuse of American relief funds, we were frequently played for suckers and that there was therefore a natural tendency to wish to insure that no one took advantage of our humanitarian instincts.

With respect to the question of the compensation agreement, I said I could assure him of our desire to complete this agreement and that the legal point that had arisen was not a pretext. I showed him a copy of an opinion from the Legal Adviser in this matter that had just reached my desk, and said that we were holding almost daily meetings in an effort to see how this difficulty could be overcome. I said that despite our anxiety to complete the agreement we felt that we were obliged scrupulously to live up to our obligations under the Charter of the United Nations.

With respect to the general question of Polish-American relations, I said I thought their improvement would depend largely upon two things. The first was the trend of developments in the general international situation, and the second was the course of developments within Poland itself. Pointing out that I was now speaking personally, I said that our policy was based upon a genuine interest in the Polish people and that if the Polish Government would succeed in winning the support of the Polish people and develop within Poland the individual liberties to which this country was so attached I was sure it would have a favorable effect on Polish-American relations. I said I did not think that this country would be willing to try to "buy" Polish orientation to the west but rather that it was up to Poland, by its actions, to merit assistance from this country.

I said that while I would be glad to request an appointment with Mr. Acheson for him at any time my personal opinion was that it would be better to defer the conversation until somewhat later.

The Ambassador said that while he would regard my remarks as personal he would be glad if I would bring his remarks to Mr. Acheson's attention.

LLEWELLYN E. THOMPSON

741.60C/4-2847 : Telegram

The Chargé in Poland (Keith) to the Secretary of State

TOP SECRET URGENT

WARSAW, April 28, 1947—7 p. m.

641. Bevin¹ stopped over Warsaw about 4 hours evening 27th. I greeted him at station.

Bevin had conversations 1½ hours each with Modzelewski and Cyrankiewicz. British Chargé² who was present at Modzelewski interview has given following information to Embassy concerning it:

Bevin stated that four power treaty against future German aggression proposed by Secretary Byrnes³ must not be overloaded with extraneous provisions such as those stipulated by Molotov⁴ and further that in proposing this treaty US had offered bridge between west and east to which offer Soviet Government's response had been unhelpful.

Apropos Moscow Conference Modzelewski said that many problems remained to be settled, e.g. reparations from Germany including rebuilding of countries which suffered from German aggression. To this Bevin replied that question of reparations had not been settled but that in his view Potsdam Agreement on this score remained governing factor. Modzelewski gave impression to Bevin that same practical test must be applied to question of reparations from Germany as had been applied to reparations from Austria. Bevin remarked that the two cases were entirely dissimilar.

Modzelewski observed that main problem Poland and other countries victimized by Germany was that Poland and such other countries must be restored before Germany.

Regarding Anglo-Polish relations Modzelewski asserted he regarded 1939 friendship pact still binding. Bevin said he would look into this aspect relations between two countries but he added emphatically that Polish Government's failure carry out promises regarding election still complicated Anglo-Polish relations. He advised Modzelewski that prior to holding Polish elections he had always thought that Modzelewski was a man whose word could be trusted but that now he realized that Modzelewski's word could not be trusted. Modzelewski simply smiled at this.

¹ Ernest Bevin, British Secretary of State for Foreign Affairs.

² Philip Broad.

³ During the 2nd Session of the Council of Foreign Ministers, Paris, April 25-May 14 and June 15-July 12, 1946, Secretary of State Byrnes had introduced a draft four-power treaty for the demilitarization of Germany; for the text of the treaty, see Department of State *Bulletin*, May 12, 1946, p. 815. This draft treaty had been discussed again during the 4th Session of the Council of Foreign Ministers, March 10-April 24, 1947, in Moscow; for documentation on that Council session, see vol. II, pp. 139 ff.

⁴ Vyacheslav Mikhailovich Molotov, Minister of Foreign Affairs of the Soviet Union.

Modzelewski expressed displeasure that Polish financial agreement had not been ratified and Bevin gave a noncommittal reply.⁵

In discussing Polish-German frontier Bevin stated that in his belief it was essential to have an impartial commission to establish the facts, and that British public felt very strongly that such facts must be established before definitive delimitation of border. Bevin said that pertinent to this question was use which Poland could make of territory acquired from [Germany by?] her. British Foreign Minister asked rhetorical question whether Poland had not been given too much agricultural land. Modzelewski's response to these observations was that he could never accede to a revision of present Polish-German frontier.⁶

Bevin and Modzelewski agreed in principle that it would be advisable to send back to Poland as many Poles now in UK as possible. However, no practical means for accomplishment this objective were discussed excepting that Bevin pointed out that in next few months under present arrangement at least 14,000 members Polish armed forces would be repatriated every month.

Broad was not present interview between Bevin and Cyrankiewicz. Departure of Bevin from Warsaw immediately after interview did not permit Broad to ascertain directly from Bevin details of interview. He is informed by interpreter present at interview that same general topics were discussed as in conversation with Modzelewski.

Sent Department 641, repeated London 71, Moscow 78, Berlin 98.

KEITH

⁵ On May 5, British Foreign Secretary Bevin reported to the House of Commons on his conversations in Warsaw and announced the intention of the British Government to recommend the ratification of the Anglo-Polish financial agreement of June 24, 1946.

⁶ For additional documentation regarding the delimitation of the Polish-German frontier, see the papers on the preparations for the Moscow session of the Council of Foreign Ministers and the records of that session in vol. II, pp. 139 ff.

123 Arthur Bliss Lane

The Former Ambassador in Poland (Lane) to the Secretary of State

PERSONAL CONFIDENTIAL

NEW YORK, April 29, 1947.

MY DEAR MR. SECRETARY: I wish to congratulate you most heartily on your accomplishment in Moscow even though it may seem paradoxically negative; in other words, that you preferred to leave the Moscow Conference without a treaty rather than accept a compromise on the principles for which the United States stands. I expressed this thought publicly yesterday in an address before the Economic Club of Detroit.

I would be less than frank with you if I did not say that I disagree with the views which you expressed in your broadcast last night¹ on the matter of the boundary between Poland and Germany. It was, therefore, a source of deep regret to me that your scheduled departure from Washington for Moscow was put forward so that the interview which had been arranged between us could not take place, as I was most anxious to give to you in person my views on the Polish-German frontier prior to the Moscow conference.

I am very anxious to support your policy and that of the Administration in the talks which I am making and in the articles which I propose to write, a purpose which the President and the Department, in your absence, have approved. For this reason I have declined to answer questions which have been put to me in public as to the reasons for the implied indication that Germany, rather than Poland, is entitled to the former German territories now under Polish administration. I cannot, however, refuse indefinitely to discuss this question.

My views on the matter presented at the time I was Ambassador to Poland are a matter of official record in the Department of State. My main preoccupation is the effect of our apparent present policy on our long-range relation with the Polish people. The effect on the Polish people of your predecessor's Stuttgart speech was apparently not taken into account at the time. Certainly I received no instructions that the speech was to be made or the manner in which it was to be interpreted. Yet Mr. Byrnes' speech was damaging to the cause of the opposition to the present puppet government, as well as to the prestige of the United States in Poland. For this reason I recommended that either I or Colonel Betts should consult with you prior to or at the Moscow Conference. As it was, you had no advisor familiar with current Polish affairs. I never received, as Ambassador to Poland, an official exposition of the Department's point of view on the matter of the Polish-German frontier but, due to the courtesy of the British Ambassador, who showed me the telegrams from his colleague in Washington to the Foreign Office in London covering conversations between the British Embassy and the Department, I was kept currently, although unofficially, informed of the Department's attitude. Unfortunately, there have been very divergent opinions on these matters within the Department itself, during the past two years, which have resulted in a weakening of our stand. The Soviet and Polish government authorities are, of course, aware that the Department has not stood as an integrated

¹ For the text of Secretary Marshall's radio address of April 28 reporting to the nation on the results of the Moscow session of the Council of Foreign Ministers, see Department of State *Bulletin*, May 11, 1947, p. 919.

whole with respect to Polish matters, especially those of an economic nature.

In order that I may discuss the Polish-German boundary question with you, so as to preclude if possible my embarrassing the Department in any public statements I may make, would you be willing to receive me in the near future at your convenience?

Believe me [etc.]

Faithfully yours,

ARTHUR BLISS LANE

Editorial Note

In an Embassy note delivered to the Polish Foreign Ministry on May 6, the United States Government requested that the Polish Government not enter into a transaction under which Portugal would use gold to pay for purchases of Polish coal. The United States pointed out that Portugal was believed to have in its possession an amount of gold looted from Allied countries during World War II and expressed confidence that Poland would not want to be a party to a transaction which might deprive Allied countries of receiving gold looted from them. For the text of the note, see Department of State *Bulletin*, May 18, 1947, page 1002.

760C.6215/5-947

Memorandum of Conversation, by the Secretary of State

[WASHINGTON,] May 9, 1947.

Participants: S—Secretary Marshall.

Mr. Arthur Bliss Lane, former Ambassador to Poland.

Present—Mr. Llewellyn E. Thompson, Chief of Division of Eastern European Affairs.

Mr. Lane said he had felt it his duty to inform me of his views on the question of the Polish frontier. He said he had discussed this question with General Eisenhower¹ who agreed with his views. He said he had also discussed the matter with the President but felt that the President had been misinformed as to the facts. He said that as Ambassador to Poland, he had been instructed to urge the Polish Government to take humanitarian consideration into account in evacuating German citizens from the territory turned over to Polish administration. Mr. Lane said that he felt that since we had allowed the Poles to evacuate the Germans from this territory, they were justified in

¹ General of the Army Dwight D. Eisenhower, Chief of Staff of the United States Army.

thinking that we did not intend to change the frontier. In any event he felt strongly that we should not make enemies of the Polish people.

I replied that I had read his letter ² and was familiar with his views. The President had been obliged to accept at Potsdam an arrangement that was distasteful to him. The Russians had the territory at the time. The Russians had deliberately twisted the meaning of the agreement arrived at, however, as the minutes and the statements of those attending the Conference clearly showed that we had not agreed to a definite frontier. I said that he had been instructed to raise the question of humanitarian consideration because the Poles were actually proceeding to deport the German population, but this did not mean that we had agreed to this.

I went on to explain that we were fully aware of the effect which our policy would have on the Polish population although we did not consider that this would necessarily be permanent. I pointed out that what we were trying to do was to make a peace that would last and that this issue gave us a trading basis. I said for Mr. Lane's very confidential information I thought our chances for changing the Polish frontier were very slender, but we were hopeful of preventing the establishment of a frontier which would be a tight barrier. We could not establish a lasting peace if Germany were left in an explosive state. If the bulk of her farm land was ruled out, we would have to create a highly industrial state. As it was, we would have to allow a very considerable measure of industrialization in order that the dense population of Germany could be supported. We therefore hoped that we could prevent the establishment of a typical European boundary that would prevent German access to food in this area. I pointed out that this would not be possible if we agreed now to the boundary desired by the Poles. I also mentioned the importance of Silesia and the possibility of offsetting Soviet interests in the Ruhr by our interest in having Silesia integrated into the economy of Europe. I emphasized that the situation had become more difficult as a result of the Soviet rejection of the Four-Power Pact.

Mr. Lane said he had felt obliged to tell me that in his opinion our policy would cause lasting resentment on the part of the Polish people. I replied that it was natural that he would feel this since he was stationed in Poland, and I drew a parallel between his position and that of a theater commander during the war, but said I was sure he would appreciate that my responsibility was to deal with the picture as a whole. I concluded by saying that I would seriously resent his taking a public position criticizing our governmental policy.

² *Supra.*

Mr. Lane said he had carefully refrained from doing so and intimated that he would not do so in the future.

GEORGE C. MARSHALL

811.001 Truman, H. S./5-1447: Telegram

The Chargé in Poland (Keith) to the Secretary of State

SECRET

WARSAW, May 14, 1947—6 p. m.

751. Upon receipt Dept's instruction 977 April 13¹ informed Chief of Protocol of my desire to deliver President's letter of [to] President Bierut in manner which latter desired. On May 11 I was notified that Bierut would receive me May 13. After presenting letter which Bierut did not attempt to read in my presence I mentioned that if he ever had any matter which he wished to discuss with me I hoped he would let me know. He thanked me and assured me that when I too wished to see him, he would always be glad to see me. After brief pause he recommenced conversation by remarking that relations between Poland and US were not too happy. He then continued that Polish people were sorry Secretary had taken stand which he had about Polish frontiers; that Poland had fought two wars against aggressors for the same aims: Freedom, democracy and lasting peace; that he did not feel it should suffer as a consequence of the role it had played, that Poland was 80,000 square kilometers less in territory since eastern frontier was agreed upon at Yalta; that if it lost western territories it would be unable to live a safe country. He then alluded to friendly ties which had existed between Poland US recalling how Poles had fought in Revolutionary War.

In course of our conversation I assured him US Govt desired have relations as satisfactory with all countries as was possible; that I knew that any opinion expressed by Secretary was based upon desire that there should be peace and prosperity for all peoples including Poles;

¹Not printed; it directed that the following letter from President Truman, dated April 18, be delivered to President Bierut:

"I have received the formal communication of February fifth last in which Your Excellency informed me of your assumption, on that date, of the Presidency of the Republic of Poland, as well as the personal letter dated February twentieth which you were good enough to send me.

"I am grateful for your expression of appreciation for the humanitarian assistance which this country has extended to Poland and I reciprocate your wish for the continuance of the traditional friendship between the United States and Poland. It was because of the deep feeling of sympathy which has always bound the Polish and American peoples that recent developments in Poland have caused such profound and widespread concern to the people of the United States.

"I can assure you that in its relations with Poland the Government of the United States will continue to be motivated by its concern for the welfare of the Polish people who contributed so heroically to the victory over the common enemy." (811.001 Truman, H. S./4-1847)

that Secretary was backed by the American people in his effort to obtain such goals. I added that I recognized that there were differences in points of view between different countries at times but that an understanding of one another was aided when there was a full expression in the press of the views held by a govt. Bierut inquired if I thought that a full account of such matters was not contained in the PSL [*Polish?*] press.

I replied that at many times there were only excerpts of statements by the President or other high govt officials. I thanked Bierut for his having expressed his thoughts frankly to me and remarked that while we might not agree on all matters I believed that more would be accomplished whenever reasons for differences of opinion were made clear. Bierut thanked me for coming and his attitude was cordial and in good humor throughout.

KEITH

Editorial Note

For documentation on the views of the United States with respect to a possible Franco-Polish treaty of alliance, see telegrams 2737, May 14, from London, and 1847, May 21, to Paris, included in the compilation on concern of the United States with political and economic developments in France, in Volume III.

711.60C/6-1947: Telegram

The Chargé in Poland (Keith) to the Secretary of State

SECRET

WARSAW, June 19, 1947—4 p. m.

971. I called on Foreign Minister 17th and expressed views contained Deptel 450, June 9.¹ I showed him *Szpilki* cartoon and he immediately said "bad taste" (*mauvais goût*). I referred to many articles appearing in press which attacked US and which we considered unfounded. He inquired if I saw what appeared in American press which presented Poland in unfavorable light. I told him that ours was a free press and people could write as they chose so articles were naturally both favorable and unfavorable. He tried to minimize influence which government had on Polish press but he said that he believed in reci-

¹ The telegram under reference authorized that representations be made to the Polish Foreign Ministry regarding the publication of an anti-American cartoon in the June 3, 1947 issue of the magazine *Szpilki*. The telegram added:

"In as much as Pol press is known to be subject to strict Gov censorship Dept is obliged to conclude that such unfriendly references to US have Pol Gov's full approval. You may inform FonOff this Gov greatly disturbed at increasing tendency on part Pol press to present distorted picture of US and its foreign and domestic policies and that continuance of such practices will not serve to improve relations between two countries." (711.60C/6-947)

procity and that he would be glad to speak to those persons concerned with Polish press and would tell them not to attack US, if our Government would do likewise with American press. I said it would appear from his offer that he could control Polish press but that it was not possible for our Government to control American press. He replied that we had other means of control and mentioned that Johannes Steel had been prevented from broadcasting. He went on to say that politics controlled press and with this I disagreed as far as US was concerned.

When I told him I could not recall in my time here having seen any article in Polish press which had seemed to show enthusiasm for US he said that I could be sure that there would be if Secretary Marshall were to say that frontier problem had been settled on basis decided at Potsdam. This led him into a further remark that at Potsdam President Truman had made a statement which he interpreted as meaning present frontier would be confirmed at peace conference, adding that present frontier was one subject on which all Poles were united. Suggestion of Secretary for an arrangement for international control of the boundary was, he said, against Poland's rights.

He then cited recent comments in our press about what had happened in Hungary. I asked him if he did not think they were justified. He smiled and evaded an answer. He referred subsequently however to manner in which we were endeavoring to intervene in Hungary, recalling in this connection our attempts to do so in Poland some months ago prior to elections here.

He then went on to mention friendliness which we were showing for Greece and Turkey stating that there was a balance of equipment under surplus property agreement which Poland could not obtain because of priority given to Turkey and Greece. (Please advise Embassy on this point.) He also remarked that he understood Poland was now being excluded from relief contemplated in recent act of Congress. I told him that I thought we must recognize that public feeling towards any country could not help but reflect attitude which was displayed by other country and that when we were being attacked as we were in press, it was bound to have unfortunate effect. Modzelewski then referred to reference in our press about Poland being a satellite country under Soviet control and remarked that it should be understood that Poland was Poland but that it expected to have friendly relations with Soviets.

Modzelewski then spoke of Ambassador Lane's statements and articles about Poland. He said it was something which he had never heard of in any other instance when someone still accredited as Ambassador could go back to his home country and make statements as Lane had done, and he cited particularly his first interview with press which was given in Department. Modzelewski went on to say that

Polish attitude would change if we were to perform some "grand act" which would show friendliness of Americans towards Poles and alluded to manner in which relations with Britain had improved through recent understanding with them.

Modzelewski then asked me if I had any details of Secretary's plans for cooperation of European countries in rehabilitation of Europe. I replied in the negative. He said there must be some detailed plan because he understood subject was being discussed with Bevin. He said he would be delighted to go to US if invited by Secretary to discuss this subject but that he did not "dare" invite Secretary to Warsaw. He said there were certain subjects, of course, of interest to big powers such as atom bomb which did not concern Poles so much because they would never have one [apparent omission] notes the first time this has ever happened. Entire interview was carried on in good humor and I am convinced that Modzelewski, as well as I knew that what we were discussing were in a sense details in view of fact that basic political ideas of Polish Government and US are definitely opposed to one another just as American and Soviet ideas differ.

Towards end of our conversation, I told Modzelewski that we both must recognize that our countries disagreed about certain things. For example, I said he and I both knew how US had regarded Polish elections and I said that he must know that Americans would not forget them. He smiled and said, "You mean not in 1948?" I recalled our previous discussions on same subject and again remarked that I did not think US would forget.

I told him that my idea in talking with him on matter of press was to try to see what could be done to help improve our relations and that certainly a different attitude in the press would aid. I said it would also help if perhaps they would at times be able to meet some of the requests which we made. He asked me what I had in mind and I said for example the subject of aviation. He felt that they had been the ones to do things to help; that they had suggested the mixed nationality commission and that arrangements had been made to provide zlotys for US some months ago. He then inquired about aviation in which connection please see immediately following telegram.² Before our [conversation ended Modzelewski said again?] that the cartoon was in bad taste and that he would speak to the officials interested in the press and talk the matter over with them.³

KEITH

² Telegram 972, June 19, from Warsaw, not printed; it reported on Chargé Keith's conversation with Modzelewski regarding the interest of the United States Government in obtaining interim air rights in Poland for the American Overseas Airline (811.79660C/6-1947).

³ On July 7, Ambassador Winiewicz told Llewellyn Thompson that he had been informed by the Polish Government that they were taking steps to endeavor to prevent the publication of such offensive material (711.60C/7-747).

S60C.5018/6-2447

*Memorandum of Conversation, by Robert A. Lovett, Special Assistant
to the Secretary of State*

[WASHINGTON,] June 24, 1947.

Participants: Polish Ambassador, Mr. Jozef Winiewicz
Robert A. Lovett, Special Assistant to the Secretary of
State ¹
Present—Mr. Llewellyn E. Thompson, Chief, Divi-
sion of Eastern European Affairs

The Ambassador handed me the attached statement ² concerning the food situation in Poland and said that while he would not repeat the information contained therein he wished to emphasize the following:

The food situation in Poland was critical largely due to the fact that Poland had experienced an exceedingly severe winter. The United Nations conference on post-UNRRA activities had listed Poland as one of the countries that would need assistance. The Ambassador mentioned that his Government was exceedingly grateful for the assistance which had already been extended to it by the Government of the United States. He said that during the months of April, May and June the Polish Government had been able to meet the situation only by mortgaging or selling its gold reserves which were badly needed as a cover for its currency. The hopes of his Government for the succeeding period lay with the \$350,000,000 relief program which had been approved by the United States Congress. His Government had been obliged to reduce rations and this had already had the effect of reducing the output of coal and other production. His Government was also concerned about their winter sowing program which would begin in September because of the difficulty in obtaining seed and grain. He said that he had discussed this problem through every channel open to him and was now taking the matter up on the highest level in order to emphasize the necessity for speed since the question of assistance to Poland seemed to be meeting with delays. He said that while he did not wish the matter to become public he could mention that the critical nature of the situation was indicated by the fact that food riots had already taken place in Poland.

I replied that I could only state that we had received conflicting reports about the situation in Poland and that we could make no decision until our new Ambassador had arrived in Poland and was able to submit his report.³ I mentioned that we were also endeavoring

¹ Lovett assumed office as Under Secretary of State on July 1.

² Not printed.

³ Appointed Ambassador Stanton Griffis arrived in Warsaw on July 7; see the editorial note, *infra*. The Ambassador's expected report under reference here, telegram 1174, July 23, from Warsaw, not printed, suggested the usefulness of at least a token food relief program for Poland (800.48 FRP/7-2347).

to send a representative of the Department of Agriculture to Poland to assist the Ambassador in his task.⁴ I emphasized that we were not able to meet all of the demands for relief assistance that were being made upon us and I mentioned that in England, France and other countries there had also been severe winter conditions. It was necessary for us to examine the relative needs of Poland since other countries felt that their needs were even greater.

The Ambassador said he realized this and could only repeat that he hoped for early action.

ROBERT A. LOVETT

⁴ Regarding the mission and recommendations of Col. R. L. Harrison under reference here, see the second editorial note below.

Editorial Note

On July 7, Appointed Ambassador Stanton Griffis arrived in Warsaw and assumed charge of the Embassy. That same day he had his first conversation with Foreign Minister Modzelewski, which he reported in telegram 1064, July 7 from Warsaw. On July 9 Ambassador Griffis presented his credentials to President Bierut. The Ambassador reported on the occasion and the subsequent meeting with Foreign Minister Modzelewski regarding Poland's decision not to participate in the Conference of European Economic Cooperation, held in Paris, July 12–September 22, in telegrams 1089 and 1092 of July 10, from Warsaw. For Ambassador Griffis' account of the events attending his arrival in Warsaw and his presentation of credentials, see Stanton Griffis, *Lying in State* (Garden City, N.Y., Doubleday & Company, 1952), pages 161–162. For the documents here cited and additional documentation on the Marshall Plan and United States economic assistance to Europe, see Volume III.

Editorial Note

In order to obtain a more accurate and up-to-date appraisal of the need for relief supplies, particularly food, in Poland, a mission headed by Colonel R. L. Harrison, Special Assistant to the Secretary of Agriculture and an outstanding authority on food conditions, visited Poland in July at the request of the Secretary of State. Colonel Harrison's report, dated July 18, concluded that the minimum food needs of Poland during 1947 generally could be met without assistance from the United States. On July 23, the Department of State issued a statement stating that in view of Colonel Harrison's report and the fact that funds were available only to meet the most urgent relief needs, the

United States Government had decided not to undertake a relief program for Poland. For the text of the Department's statement and report of Colonel Harrison, see Department of State *Bulletin*, August 3, 1947, pages 223-224.

611.60C31/7-2947 : Telegram

The Under Secretary of State for Economic Affairs (Clayton¹) to the Under Secretary of State (Lovett)

SECRET

PARIS, July 29, 1947—3 p. m.

3010. For Lovett from Clayton. As per arrangement, Mr. Minc² called to see me in Geneva yesterday and he and Dr. Lychkowski, acting as interpreter, had lunch with me.

Mr. Minc stated that he hoped very much that Poland's abstention from participation Paris conference³ would not have any effect on their trade relations with the United States and expressed the hope specifically that no barriers would be placed in the way of such trade.

I told Mr. Minc that the matter to which he referred was something that had taken place since I left home and that I was not in position to make any final statement on the subject but that my own view was that Poland's refusal to take part in Paris conference was a political decision made for her by others; was contrary to the real interests and desires of Poland and that I did not believe should result in the erection of any barriers against normal commercial transactions between Poland and the United States. I added, however, that, in my opinion, such transactions would be on a different basis due to such decision. Upon being asked for an interpretation of this remark I stated that I felt sure under the circumstances Poland could not expect any assistance from the United States in the way of credits or otherwise; that when Poland had something to sell which we wanted to buy we would be in the market to purchase such commodities for cash and that when Poland wished to buy something which we had for sale I knew of no reason why she should not make such purchases also for cash.

¹ Under Secretary Clayton was serving as Chairman of the United States Delegation to the Second Session of the Preparatory Committee of the United Nations Conference on Trade and Employment, held in Geneva, April 10-October 30. For documentation on those meetings, see volume I: United States interest in international economic collaboration. This telegram was sent through the facilities of the Embassy in Paris.

² This meeting between Under Secretary Clayton and Polish Minister of Trade and Industry, Minc, had been arranged at the request of the Polish Delegation of the United Nations Economic Commission for Europe, then meeting in Geneva.

³ The Conference of European Economic Cooperation, July 12-September 22. For documentation regarding this conference, see volume III: The political and economic crisis in Europe.

I added that numerous incidents had recently occurred in the relations between the United States and Poland which gave us the impression that the Polish Government had an unfriendly attitude toward the United States. I did not include in these incidents the most recent one in which Poland refused to participate in the Paris conference of European nations for working out a plan for the rehabilitation of Europe because we had the distinct impression that this decision was one that was made for Poland against her interests and against her desires. I did refer to the demand of the Polish Government for the removal of the plane of our Air Attaché at Warsaw; the arrest of the air crew of the plane of the Harrison Mission⁴; the great delay and difficulty which our mission in Warsaw had in arranging contacts and conferences with American citizens in Poland; the refusal of Poland to enter into an aviation agreement with the United States, the attacks in the Polish press on the United States.

Mr. Minc said that there could be no question of an unfriendly attitude on the part of Poland toward the United States, that he knew very little about most of the incidents to which I had referred but he did know something about the so-called arrest of the crew of the plane of the Harrison Mission; that the facts were that the Harrison plane arrived with due notice and the compliance of all usual formalities but that the plane promptly returned to Berlin, reappearing at the airport at Warsaw after a lapse of 3 or 4 days and this time without any notice whatever or compliance with formalities and, under these circumstances, the people at the airport had no other recourse but to detain the members of the crew for a short period until they could get the necessary instructions; that this detention lasted only about 30 minutes or 1 hour at the most and that it certainly could not be referred to as an arrest.

Mr. Minc stated that he was only the Minister of Commerce and Industry of a small country and that he had nothing to do with important political decisions of the great powers but that he was deeply interested in maintaining friendly commercial relations with the west, that he was now in Paris engaged in the negotiation of a trade agreement between France and Poland, that the orientation of Poland's economy lay mainly toward the west and that there was no reason so far as he knew why this should not continue and expand. He asked about the International Bank and whether the Paris matter would affect Poland's application to the bank for credits with which to expand her productive capacity of coal.

I replied to Mr. Minc that I agreed fully with his remark that Poland's commercial interests and contacts were predominantly with

⁴ Regarding the Harrison Mission under reference here, see the editorial note, *supra*.

the west and that this would undoubtedly continue unless the decisions of politicians should temporarily make it otherwise. I said that in regards credits, my previous remarks had referred only to credits of United States Government agencies, that so far as the International Bank is concerned I could not speak with any authority but that the International Bank obtains all its lending funds through the sale of debentures to the American public and that I felt that the bank would have great difficulty in selling debentures to the American public for the purpose of obtaining funds with which to make loans to Poland in view of what had happened.

Mr. Minc stated that they had now expanded their coal production to about 57 million tons which was about as far as they can go by their own unaided efforts, that if they could obtain the desired credit from the International Bank they could expand production in 1948 by another 10 million tons and in 1949 by an additional 10 million tons. He said that of the 57 million tons which will be produced in 1947, 19½ million tons will be exported, of which only 6 million tons will go to Russia. He said that the desired credit is for the purpose of re-equipping the coal mines and for port reconstruction; that the internal transportation system can be expanded to the desired limit without external aid. He said that Poland is now producing locomotives at the rate of 20 per month and railway cars at the rate of 1,000 a month.

I was greatly surprised at these figures.

Mr. Minc said that Poland requires 90,000 tons of cotton annually of which Russia will furnish 50,000 tons, making it necessary for them to purchase 40,000 tons outside, that the cotton textile industry is working at only 80% of capacity due to difficulty in obtaining the necessary raw materials. I have grave doubts that Russia is supplying as much as 50,000 tons of raw cotton to Poland. If she is doing so, it is only under extreme pressure and not because she has any such quantity as a normal surplus.

The interview was friendly throughout but very frank on both sides and the situation was left so that we have complete freedom of action. Since increased production of coal in Europe in the quickest possible time is the most important problem in European reconstruction, I recommend that the Department raise no objection to consideration by the International Bank of the extension of a credit to Poland for re-equipping her coal mines and such reconstruction of her ports as may be necessary to move the coal export on the understanding of course that no increase in the export of coal to Russia would take place. Aside from the above reason, I believe it is important for the United States to maintain commercial relations with Poland and other

countries similarly situated, believing it is in our long-term interest to do so. Such policy will make it much more difficult for Russia to maintain her hold on these countries.

Sent Department as 3010; repeated Warsaw as 128.

[CLAYTON]

711.60C/8-647

Memorandum of Conversation, by the Secretary of State

[WASHINGTON,] August 6, 1947.

Participants: Jozef Winiewicz, Polish Ambassador
George C. Marshall, Secretary of State
Present—Llewellyn E. Thompson, Chief, Division of
Eastern European Affairs

The Ambassador said he was returning to Warsaw to report to his Government and was grateful for an opportunity to see me before doing so. The Ambassador stated he had considered his mission here to be to improve Polish-American relations. The last half year had not been a happy period, and he wished to know if I could suggest any way in which either the Embassy or the Polish Government in Warsaw could take steps to improve those relations. He referred to the difficulties of Poland's position due to the fact that it finds itself sandwiched in between two great Soviet Armies, one in the Soviet zone of Germany and the other in the Soviet Union itself. He felt that the chief difficulty in Polish-American relations arose out of the deterioration in the over-all political situation.

The Ambassador said that when the Polish Minister of Industry, Hilary Minc, visited the United States he had made clear that Poland's objective was to keep a balance between East and West. Relations with the East were satisfactory, and he wished to improve them with the West. Mr. Minc had concluded some preliminary agreements relating to the release of Polish gold, compensation for nationalization of American property, and a cotton loan. With the exception of the gold, nothing concrete had developed out of these preliminary arrangements.

The Ambassador referred to the fact that when he was with the Polish Government in London during the war, they had constantly been urged to come to an agreement with the Soviet Union including the cession of their eastern territories. Poland had done this, but the result was the deterioration of their relations with the West. He repeated that he wished to know what could be done to improve those relations.

I thanked the Ambassador for his very frank statement, and remarked that he was well aware of the natural friendship which existed in this country for Poland. A large number of our citizens were of Polish extraction, and our people were well aware of Poland's tragic history and sufferings. In reply to his question as to what the Embassy could do to improve relations, I pointed out that he had already done much by his frankness. The question of what his Government could do was, of course, another matter. I referred to our efforts to get the European countries to take steps to cooperate in improving their efficiency in order to bring about their own rehabilitation. It was a matter of deep concern and regret to us that Poland was not among the 16 nations meeting in Paris on this problem. I said that we, of course, knew why Poland was not there. I went on to point out that Poland had much to contribute and much to gain from being a party to such an undertaking. She had coal which was badly needed and she had needs of her own which could only be supplied from outside Poland. So far as the United States Government is concerned, we have to help those who help themselves, as limits were placed upon what we could do by the demands which we receive for assistance not only from Europe but also from the Far East. I stated that we deplored the division that had developed in Europe, even though foreign propaganda often suggests that we had attempted to bring about such a division. I said that at Moscow I had tried to get unity in Germany. This had failed. I had also tried to get an agreement upon a security pact but had been unable to do so. In this we had been defeated and defeated purposely. Since these two efforts had failed, we had made this recent approach. Our efforts often met with an offensive and accusative attitude which we deplored. I emphasized that it was not our purpose to force action on the part of any country by financial or any other methods. I added that we were faced with the need for coming up with such a sound program that we could get the support of the American people and of the American Congress. Being a democracy we had to have such support, and there were limits beyond which we could not go. It was essential that a situation would develop in Europe which would overcome the destructive efforts that were being made. Poland was in no-man's land and we had great sympathy for her position. I repeated that there was no idea of coercion but I was hopeful that opinion in Poland would crystallize in such a way that Poland could do something for itself. This concerned the Polish people and Government and was outside my ken. What was essential was a program in Europe to facilitate recovery. I concluded by stating that I had worked hard to get an agreement in Moscow for the carrying out of an agreement we had already reached at Potsdam. Since this had failed, I had made this new approach.

The Ambassador replied that the Polish Government wished to make closer contacts with the West and cited in proof of this the conclusion of a trade agreement with Great Britain and a cultural agreement with France. He said that Poland had concluded trade agreements with 12 of the 16 countries meeting in Paris. Trade negotiations now being carried on with France had the objective of enlarging Polish coal shipments in return for hydroelectric plants. The Ambassador pointed out that the share of the Soviet Union in Polish trade had been decreasing. In 1945 the Soviet Union accounted for 95% of Polish foreign trade; and in 1946 this had dropped to 62% and the current year would be even less. This had been brought about by increasing exports to the West and, in the case of coal, by reducing shipments to the Soviet Union. The Ambassador said there were forces in Poland, patriotic forces, and not agents, who were sincerely trying to persuade Poland to adopt a complete Eastern orientation. They asked him what he and his friends were getting from the West and argued that the only supplies they could receive were from the Soviet Union. He said that our refusal to include Poland in our relief plans had been a great shock to Western oriented Poles. He said that the inclusion of Poland would have meant the presence of a relief mission and more newspapermen in Poland which would have been tangible evidence of our interest. In his discussions on the matter here the Ambassador said he had never emphasized any specific amount but felt it essential that Poland receive some assistance. He said that expressions of sympathy were not sufficient. Ambassador Griffis had quite rightly recently expressed his sympathy for Poland but what was needed was some token or material evidence of this sympathy. The Ambassador said he had pressed hard for this and quoted Churchill as saying that Allies should not be ashamed to ask for assistance from Allies.

The Ambassador referred to Mr. Minc's effort to obtain a cotton loan and said that the outcome of his failure was that they had to go to Moscow to ask for cotton. The net result was some kind of embitterment and further turning to the East.

I replied that I recognized the logic of some of the things the Ambassador had said, and said I could tell him confidentially that we had tried very hard to keep Poland on the list for receiving assistance but that we had been unsuccessful. I had been much interested to hear his analysis of the situation.

The Ambassador said that when he was appointed to Washington he had obtained the approval of his Government to encourage an exchange of visitors and had been able to follow a liberal visa policy. One hundred and fifty Poles are now enroute from Detroit to visit relatives in Poland. A number of relief missions are active in Poland

and other activities, such as those of the Y.M.C.A., have been carried on. Such missions could not go to the Soviet Union, and this furnished proof to the Polish people and the world that Poland was not in the same situation as the Soviet Union. He said that every journalist wishing to go to Poland had received a visa and although their articles were often, to say the least, inaccurate, his Government felt it was better to let them in in order that something should come out about Poland. He referred to the forthcoming visits of Congressmen to Europe and said he had been instructed by his Government to grant visas to any of them who wished to visit Poland.

The Ambassador said that Poland had great need for grain, and particularly seeds, and had been unsuccessful in negotiations to obtain grain from the Soviet Union. He said he understood this because the economic level of Poland was so much above that of the Soviet Union. The Soviet people had been told that Poland was a socialized country but when they came to Poland they saw from the things in Polish shops that Poland had more than they did. He said the Russians wished to have Eastern Europe unified not only on a political level but also unified on a common economic level. He also referred to the impression made on Russian soldiers who had been outside the Soviet Union.

The Ambassador handed me the attached memorandum ¹ and said although he had already talked to Mr. Wood about it and understood nothing could be done, he wished to repeat his plea for some relief assistance to Poland. If that were not possible, he wished especially to ask that Poland be allowed allocations for the purchase of grain in this country which they were prepared to buy with proceeds from the sale of their gold reserves.

In conclusion the Ambassador said that the Polish delegation to the United Nations' Assembly would not be determined until he returned to Warsaw. He intended to suggest that his Foreign Minister head the Polish delegation, and he wished to know that if the Minister came to the United States whether he could arrange to see me.

I replied that I should be glad to see him.

GEORGE C. MARSHALL

¹ Not printed; it reviewed Poland's need for grain during the period July 1947-July 1948.

860C.00/8-1847

The Ambassador in Poland (Griffis) to the Under Secretary of State (Lovett)

PERSONAL AND SECRET

WARSAW, August 18, 1947.

DEAR BOB: I do not know whether or not you will be interested in a fairly long personal letter regarding Poland. Sometimes I think

that the life of a diplomat is largely the life of an Arctic explorer fighting his way through the continual snowstorm of papers. Accordingly, as I have no pride of authorship, it will be quite all right if you just regard this as another one of those things, but perhaps there may be some viewpoints expressed which may be of interest to you.

I am writing you today after six weeks in Poland with a good many contacts with the Polish Government and with the Diplomatic Corps here and having covered Poland by car, visiting all but one or two of the large cities, from the Czech border to the Baltic.

My contacts with the Polish Government are somewhat similar with my contacts with the Bulgarian Minister. He speaks only Bulgarian. His secretary speaks Bulgarian and Polish. The Minister talks to his secretary in Bulgarian and the secretary, in turn, transmits it to my secretary in Polish. She, in turn, translates it to me in English, and by the time my reply gets back to the Bulgarian Minister any resemblance to the original idea is purely coincidental—thus, with the Polish Government. Whatever I suggest is usually received with warmth and attention with the promise of an answer in three or four days. Apparently, usually from higher up and from further East comes a complete negation which results in refusal of most of my requests. There is no possible question of the substantially complete control of this Government from elsewhere.

My first days in the Polish capital brought me an initiation the like of which I doubt has ever been received by an incoming Ambassador. I was hit squarely in the face by the Poles' refusal to attend the Paris Conference which came 24 hours after I had been assured by the Government that they would be there. Within a few days thereafter our Government announced that Poland had been stricken from the list of European countries selected for relief and the Polish repercussion was immediate and vigorous. The Air Attaché's plane, which has been for the use of the Ambassador, has been ordered out of the country and as a result of these few incidents my conferences with Government officials have not been all peaches and honey.

The patterns of government here are defined and unmistakable. Most of the high members of the Government are young, almost without exception in the forties. Many of them spent a large part of the war in prison or concentration camps. Their languages are usually Polish and Russian or Polish and German which they will not use. A mere handful speak some English and some French. While there is much talk of a coalition government of communists and socialists, actually the domination is entirely communistic and the trend, despite constant talk of merger of the two parties, is definitely towards a gradual elimination of the socialist influence. In a nation of 22,000,000

people it is said that probably less than 50,000 are actually communists but with the Russian alliance in the background, with a pitifully small Polish Army far outnumbered by the Russian Army in Poland, the Government has become even more strongly entrenched by the tragic results of American gifts of more than \$500,000,000 through UNRRA which it must be understood distributed its largess through the Government. One may easily guess the results in strengthening the power of the few men who controlled the distribution and who now dominate the Government and the Country.

There remains also the little matter of countless secret police, of continual political arrests and imprisonments extending even to many priests and Catholic clergy, many of whom are held incommunicado and without trial. Altogether, the atmosphere is surcharged with nervousness and fear and walking through the streets of Warsaw at night one almost has the feeling that the planes should be overhead any minute now.

The Russian trained, indoctrinated and sponsored Polish communists have not sought to control Poland through a seizure of power in the classic Marxist sense. Rather their approach has been gradualistic; they have sought to insinuate themselves into power, presumably reserving ruthlessness for the *coup de grâce* instead of using it consistently as a political weapon. The choice of this technique has resulted inevitably in a piecemeal approach to their problem and this in turn has necessitated an intricate scheme of political maneuver aimed at keeping large and diverse elements of the population controlled and quiescent, while selected groups were to be either dominated or liquidated.

As completely clear and defined as the Government and its Russo-Polish ideological pattern is the propaganda served the people unceasingly in the almost entirely controlled Polish press. It plays only a few strings but these are incessant: (1) that the United States, that monster of capitalism where the poor downtrodden workman is striving daily for the growth of communism, is rapidly approaching a complete financial debacle; (2) that Poland may rest content for its future prosperity and safety under the gentle and all-embracing umbrella of its great and powerful ally, the Soviet Union; (3) and this is an exact quotation from the leading Warsaw newspaper of July 29: "The American policy wishes to have a strong Germany—stronger than all her neighbors. It wants Germany to become the greatest industrial power of Europe." This latter is, of course, an extremely powerful piece of Goebbelism in reverse for the Polish hatred of Germany is far more deep-seated than its hatred of Russia and its fear of German aggression far more intense.

In my first press interview I told the Polish reporters that their policy reminded me of a man who approaches an old friend on the street and begs him for help and for loans, punctuating the request by smashing the friend in the nose. In other words, Poland has its left hand extended for help and its right hand is a fist constantly attacking the United States and everything American.

In my life here I am substantially isolated from any Poles. Probably the best examples I can give you are the following: My first visit to any charitable institution here was to Laski, an institution for Polish blind children for which one of my young partners in New York is treasurer. I spent several hours there. You may imagine how horrifying and returned to Warsaw. However, it seems that this institution has some substantial support from the Polish Government and the next day I received a message, through an intermediary, telling me that while they were very glad to see me and welcomed my help, it would be better for the institution if I did not visit it. This morning I was told by the Polish-American representative of the Motion Picture Export Corporation of the United States that the personnel of Films Polski, which is the Government monopoly here, has been instructed not to have any future contacts with Americans here. There it is in a nutshell.

As I judge it, the tempo of anti-American propaganda and Russian-Polish solidarity is rising. I believe that in general present Russian political strategy and ideology, both local and worldwide, is superimposed on Poland and with reasonable variation one can be applied to the other.

Enclosed herewith is what I believe is the best analysis which I have read regarding the political policy of the communistic government in Warsaw.¹ I have stolen the first paragraph of it for use in this letter to you, but if you care to read it all, I believe that you will have in the few pages an accurate and complete analysis of the method, the calendar, and the probable future course of the present Polish Government. You might particularly refer to the last paragraph which states, I think with truth, that either the decline of the power of Soviet Russia or the withdrawal of its support of the Polish Government would result in almost immediate collapse of this Government.

The Polish Government needs three eyes: one to watch the power of Russia; one to watch possible aid from the United States; and one, and an extremely important one, is to watch the temper of the great

¹ The enclosure is not printed.

mass of peasants which constitute this potato-digging and coal mining country. You are perfectly aware, of course, that the one subject on which all Poles, whether here or in the United States, are united is the question of the Western borders. On this matter, as you know, the Poles feel that they have had the complete support and friendship of Russia and rather overlook the fact that Russia took a substantial bite out of Poland when it moved over to the Curzon Line. I believe that a final settlement of this question in favor of the Poles would weaken the position of Russia as the Poles would no longer fear the loss of Russian support on the all-important border question.

Do not overlook the fact that this government with all its leftist tendency and its terrorism is doing a tremendous job economically. They are part and parcel of a modern miracle of reconstruction, of tireless effort and of an apparently very real desire to bring order out of chaos. What lies beyond no one can tell.

You have been so long in Government that I hesitate to write you regarding any world situation, knowing how much greater your knowledge of them all has become than mine. However, for better or for worse, I am on the ground and if there is anything whatever which you desire in the way of future or other information, do not hesitate to command me. At the moment about all an American Ambassador can do here is to be here as a symbol of the friendly power of the United States to the Polish people. He receives little or no integrity or friendship from the Government except as an alms giver.

With every good wish to you.

Sincerely yours,

STANTON GRIFFIS

Editorial Note

The widely-publicized Krakow Trials in which 17 Polish citizens including a leading official in the Polish Peasant Party were charged with maintaining contacts with the underground and furnishing "espionage material" to representatives of foreign powers ended on September 11. On September 18, the Department of State issued a statement denying charges made during the trial that former Ambassador Lane and members of his staff were among the chief recipients of the alleged "espionage materials". For the text of the Department's statement, see Department of State *Bulletin*, October 5, 1947, page 706.

860C.00/9-2647

*Memorandum of Conversation, by the Secretary of State*¹

SECRET

[NEW YORK,] September 26, 1947.

Participants: Secretary of State Marshall
Mr. Charles E. Bohlen, Counselor, Department of State
Mr. Modzelewski, Polish Foreign Minister²
Mr. Winiewicz, Polish Ambassador to the U.S.
Mr. Zebrowski, Polish Foreign Office

Mr. Modzelewski said that he wished to discuss a number of problems with me but before proceeding to the specific items he had in mind he wished to make a general comment on Polish relations with the Soviet Union and with the United States. It is not correct to state that Poland has to choose between the Soviet Union and the U.S. The fact was that Poland had to choose between the Soviet Union or Germany. That choice which had naturally been the Soviet Union was one of the foundations of their foreign policy. He continued that Poland desired the closest relations with the West in all fields. They had a cultural agreement with France and were at present negotiating a political agreement which would in effect restore the Polish-Soviet [-*French*] pre-war alliance. Poland was taking an active part in all the subsidiary bodies of the United Nations such as the food administration and the European Economic Council which had been set up at Polish suggestion. Their concern over the Paris economic conference meant that the 16 countries that participated would be given preference and priority in the matter of U.S. aid over the other nations of Europe. This would have an adverse effect upon Polish economic relations with those countries as they would give priority to each other rather than to any Eastern European country. He cited as an example, if Poland wished to export coal to France in exchange for mechanical equipment that under the present plan French mechanical equipment would probably go first of all to the other countries participating in the plan and this would mean that Poland would not be able to obtain immediately machinery in exchange for coal and would in effect be supplying coal to France on credit which Poland was in no position to do.

In regard to Germany he stated that the Polish Government desired to see the restoration of economic life in Germany but they did not feel that Germany should receive any priority over the victims of her

¹ The Secretary of State was in New York as the Chairman of the United States Delegation to the Second Regular Session of the General Assembly of the United Nations, September 16–November 29.

² Foreign Minister Modzelewski was Chairman of the Polish Delegation to the United Nations General Assembly.

aggression. He cited as an example of Polish desire to have economic relations with Germany the fact that an economic agreement had been made with the Eastern zone and that negotiations were proceeding for a similar agreement with the Western zones.

On the general subject of coal Mr. Modzelewski said that under present plans Poland expected to export 35,000,000 tons of coal in 1949 which would be its contribution to the recovery of Europe. At present the exports were only 20,000,000 tons because new machinery was needed for which Poland did not have the necessary capital at the present time. At present one-third of the coal exports were going to the Soviet Union and two-thirds to other European countries. For example, Poland was exporting 3,000,000 tons to Sweden which represented 55 percent of Sweden's coal needs.

Mr. Modzelewski said that since Poland needed financial assistance to enable it to carry out its economic plans, he wished to bring up the question of such assistance. He said that it was apparent that the Polish request to the Export-Import Bank had for political reasons been placed lower down on the list.³ Poland also had a request before the International Bank whose experts in general had taken an affirmative attitude towards the data in regard to the Polish coal mines which had been supplied to the International Bank. He said he realized that the Bank was international in character but felt that the U.S. influence was a very strong factor in its decisions.⁴

I replied that I did not have the details of the Polish request to the International Bank in my mind, but I assured the Polish Foreign Minister I would look into the matter very seriously and speak to Mr. McCloy⁵ as soon as the latter returned. I then said that I wished to tell the Minister that U.S. friendship for Poland was deep and of long standing due in part to the fact that there were many Americans of Polish descent. I said that I had been preoccupied in all sincerity with finding means whereby all could cooperate in the struggle to remedy the desperate economic situation in Europe. I said one of the principal reasons for this situation was the fact the rock on which efforts had foundered had been the failure to treat Germany as an economic whole. In this connection I said I had expected that the Minister would bring up the question of the level of industry which I understood had been criticized by the Polish Government and while

³ Pending before the Export-Import Bank at this time was a Polish application for a \$20 million cotton credit.

⁴ Regarding the possible loan to Poland by the International Bank for Reconstruction and Development, see the memorandum of conversation by Thompson, *infra*.

⁵ John J. McCloy, President and Chairman of the Executive Board of the International Bank for Reconstruction and Development who was at this time on a visit to Czechoslovakia and Poland.

I did not wish to go deeply into the subject I would merely like to state that the U.S. and British action had been one of necessity which had arisen out of the failure to reach any agreement on the economic unification of Germany. I said obviously if an agreement to carry out the Potsdam decision on unification was reached then the level of industry would be reconsidered. I added that if Polish fear centered around the revival of German economic war potential then I must point out that the present bizonal figure of 10,000,000 tons of steel was lower than that of 12,000,000 tons suggested by the Soviet representative at the recent Moscow Conference.⁶

I stated that the U.S. Government and I personally had always endeavored to find a basis for helpful action in regard to Polish problems; that at the last session of Congress I had personally endeavored to have Poland included on the last relief bill and likewise Hungary. The feeling, however, in the Congress based on the belief that the Polish Government was not pursuing actions consistent with our concept of democratic action, had made this impossible. I said I had in mind political actions such as those which had occurred in another country ending in the execution of Petkov.⁷ I emphasized that the U.S. attitude towards such actions as the persecution of political opponents was fundamental and could not but affect our attitude toward the countries employing them. I added that the attitude of the Polish Government towards the U.S. likewise played a part. I mentioned the fact that the U.S. Ambassador had had what appeared to be a satisfactory talk on the subject of anti-American propaganda

⁶ In a note of September 14, to the Acting Secretary of State, Ambassador Winiewicz had transmitted the protest of the Polish Government against the revised plan for level of industry in the American and British zones of occupation in Germany. The reply to the protest was contained in a note of September 30 to the Polish Ambassador. For the texts of the notes which were released to the press on September 30, see Department of State *Bulletin*, October 12, 1947, pp. 741-743. For additional documentation regarding the revised level of industry plan for Germany, see vol. II, pp. 977 ff.

⁷ The reference here is to the execution of the Bulgarian Agrarian Party leader Nikola Petkov on September 23 for alleged anti-state activities. For documentation on the attitude of the United States regarding the trial and execution of Petkov, see pp. 159-183, *passim*.

In a memorandum to the Secretary of State dated September 25, not printed, Counselor Bohlen pointed out that there were growing indications that the Polish Government was proceeding to eliminate political opposition through criminal proceedings, that members of Mikołajczyk's Polish Peasant Party had been sentenced for alleged anti-state activities, and that it appeared likely that Mikołajczyk himself might be arrested and tried for treason as had Petkov in Bulgaria. Bohlen stated that the United States had a considerable moral responsibility in connection with Mikołajczyk. Bohlen suggested to the Secretary that he tell Foreign Minister Modzelewski of the very adverse effect on American public opinion if events in Poland should develop along the lines of those in Bulgaria (860C.00/9-2547).

in Poland with Mr. Modzelewski himself.⁸ I had just had a report from the American Ambassador in Warsaw to the effect that despite this conversation anti-American propaganda had increased rather than diminished.⁹ I said it was our impression that this anti-American campaign was a controlled propaganda operation. I added that I was speaking frankly and I wished to assure the Minister that my attitude towards Poland and European recovery were purely objective with no ulterior motives whatsoever.

I said that I had gathered from the Minister's speech at the General Assembly¹⁰ that the Polish Government disagreed with some of the measures I had proposed. I wished to state that these measures had been put forward to prevent the United Nations from dying from inaction or rather from frustration.

As to European recovery I said that I had noted with regret that the Soviet Union, Poland, Czechoslovakia, and other countries had declined to join in a cooperative effort for recovery.

I said I would ask the Minister to forget a couple of hundred years of European diplomatic history. I said I had not approached my duties as a diplomat with any ulterior motive and that I had been accorded a large degree of liberty of action as Secretary of State. I had suggested certain measures and while I had expected criticism and even distortions, I really felt that the misrepresentations of U.S. motives had far exceeded any expected limits. I then gave an outline of the origin of our approach to European recovery emphasizing that at Harvard¹¹ I had merely put forth certain suggestions to deal with the obviously desperate and worsening condition of the European continent. I said that it had not been an easy suggestion to make in this country from a political point of view but it was necessary if the U.S. was going to be in the position to aid Europe at all that some initiative should be taken by the European countries themselves. I said I had had no motive except to find the best method of assisting in the stabilization and rehabilitation of Europe. I added that in the U.S. what I was able to do would depend in large measure on public support and that for this reason I had been extremely frank with the Minister.

⁸ In a conversation with Ambassador Griffis on September 3, reported upon in telegram 1419, September 3, from Warsaw, not printed, Foreign Minister Modzelewski had expressed great regret at the Polish press attacks on the United States and had stated that he would promptly insist to the Minister of Information that such antagonistic comments be discontinued (711.60C/9-347).

⁹ Ambassador Griffis' report was contained in telegram 1546, September 24, from Warsaw, not printed (711.60C/9-2447).

¹⁰ On September 23.

¹¹ Reference is to the Secretary of State's address at Harvard University on June 5.

Mr. Modzelewski said that in regard to Germany the chief problem that was worrying the Polish Government was the fact that the frontiers had not yet been fixed. He said it would be most helpful in improving American-Polish relations if a clear statement could be made by the Secretary that these frontiers were not to be changed.

I replied that I fully understood the Minister's statement on the frontiers.

Mr. Modzelewski continued that the problem of the frontiers was not a political problem of Poland but one of continuing national existence; that without these frontiers Poland's chance of existence would be greatly diminished. He said that on the level of industry that they would have no objection if an increase in the level of industry was connected with the unity of Germany and the problem of continued reparations. His Government felt that any aspect of the German problem must be settled by the four powers together and that they were afraid that a raise in the level of industry under present circumstances would merely result in the decline and eventual elimination of reparations.

As to the question of propaganda in Poland, Mr. Modzelewski said there is a good deal of freedom of expression in present Poland, that it was not as great as in the U.S. but political conditions in Poland were quite different. There was in existence an illegal underground press which had always existed in Poland and was not a postwar phenomenon. He said he felt their position in the propaganda field was one of defense and not of attack, and that as I was probably aware there were quite a number of German language papers published in the United States which continuously published pro-German and anti-Polish statements. He said Ambassador Winiewicz would be glad to supply me with excerpts from these papers. He said that Mr. Byrnes' Stuttgart speech and my own statement on the frontiers at Moscow had aroused opposition among the Polish people. He stated that any U.S. statement supporting Poland against Germany would be greeted with great satisfaction and joy in Poland. He added that if some such statement was made that even if the Government desired, it could not carry on any anti-American propaganda campaign.

I told Mr. Modzelewski that I wished to be clear on the subject of propaganda, that the U.S. having no control over its own press, did not and could not object to criticism and even attacks on the part of a free press, and that I would not expect the Polish Government to undertake to control criticism of the U.S. in its press. However, in this case I had the impression that the anti-American campaign was in effect controlled propaganda.

The Minister replied that he personally did not favor propaganda campaigns and had twice attempted to intervene with the Polish press

in order to tone down the comments on the U.S., but that the Polish newspapers did not agree with him and cited anti-Polish statements from the U.S. press particularly from the German language newspapers. He said he would like to see an end to propaganda and a more friendly atmosphere created but that they could only go half way.

As to the Paris Conference the Minister said the manner in which my suggestion had been carried out was what had made it impossible for Poland to accept. He said had the U.S. been able to hold similar conversations with the Soviet Government as they had with the British and French Governments before the Conference the result might have been different.

I informed the Minister emphatically that the U.S. had had no conversation at all with the British and French Governments concerning the Paris Conference. The U.S. had taken great pains to remain entirely aloof with any European Government on this question until September 1. I personally had had to resist strong pressures both from American opinion and from some of our representatives abroad to avoid saying anything as to what we meant and I had instructed our representatives abroad also to refrain from any participation. I stated that the British and French Governments had had no advance notice of my speech at Harvard and since then until September 1 had had no indication of U.S. views on the matter. I said it would have been obvious to me that any attempt of the U.S. to tell the Europeans what they should do would be regarded as an attempt at U.S. dictation.

Mr. Modzelewski said that Molotov had gone to Paris but in his opinion the British and French Governments had been unwilling to let him stay. He said while this did not directly affect Polish and Czechoslovak attitudes, nevertheless, it had placed them in a very awkward position because of their ties with the Soviet Union. In his opinion the 16 countries had preferred to limit the Conference to themselves rather than include all 25 of the European countries since this would have meant less aid per country from the United States.

I stated that our information was to the opposite effect, that England and France had been very disturbed at Mr. Molotov's refusal to participate and at the refusal of the Eastern European countries to attend. I said that I did not intend to discuss whether Poland should or should not have gone, but I merely wished the Minister to be entirely clear on the origin and motives of my suggestions in regard to European recovery, that there would have been no chance of assistance from this country unless Europe had given evidence of a desire to help herself. The alternative of my suggestion would have been to do nothing and to let economic deterioration take its course.

I added that under those circumstances the only U.S. help for Europe would have been the maintenance of the U.S. zone in Germany which was an obligation we could not escape. This would obviously have been very undesirable from many points of view.

The Minister stated that they were concerned lest the Marshall Plan would result in erecting a wall in the middle of Europe and would deprive the Eastern European countries of any benefits thereof. I replied that I understood that the French and British concern at the Soviet and Eastern European refusal had been based upon the same fear of a split Europe. I repeated that my only motive in this matter was to find means of assisting in the rehabilitation and consolidation of Europe and not to build any wall but the U.S. would not go along with a procedure of frustration which would result in the whole situation going to hell.

In conclusion I said I would talk with Mr. McCloy on the subject of the International Bank and would let the Minister know. In taking leave Mr. Modzelewski also asked for U.S. help in the Control Council for Germany to persuade the British to let the Polish miners in the Ruhr area return to Poland. He said that these were Poles who had been in Germany before the war and who had indicated their desire to return to Poland, but that the British for some reasons not fully clear had been delaying their departure. Ambassador Winiewicz said he believed that since they were mostly miners the British did not wish to see them leave the Ruhr area. I said I would look into the matter as this was the first I had heard of it.

860C.51/9-3047

*Memorandum of Conversation, by the Chief of the Division of Eastern European Affairs (Thompson)*¹

[WASHINGTON,] September 30, 1947.

Mr. Garner,² who was referred to me by the Acting Secretary, handed me the attached memorandum.

Mr. Garner said that while the Bank was anxious to maintain its position as an international institution, it was clear that in the case of this loan it could only go through if the United States Government actually supported it. If our attitude was simply one of not opposing the loan it would probably not be made. He said he was discussing

¹ Llewellyn Thompson was serving at this time with the Office of European Affairs. He became Deputy Director of that Office on November 14.

² Robert L. Garner, Vice President of the International Bank for Reconstruction and Development.

the matter with Averell Harriman³ later this week but said that the Bank had not made an approach to any other Government. He added that the Bank would be interested to learn of any views Ambassador Griffis might have. I informed Mr. Garner of such information as we have received from the Ambassador and said we would continue to keep him informed.

In reply to my question Mr. Garner stated that some purchases of the supplies contemplated could be made through member countries other than the United States and in these cases the Bank contemplated endeavoring to get the agreement of the countries concerned to the use of their capital subscriptions for this purpose. In the case of any supplies coming from countries not members of the Bank, such as Sweden and Switzerland, an effort would be made to obtain credit terms.

With respect to the paragraph headed *Debt Record*, I pointed out that we had negotiated an agreement covering the nationalization of American property by Poland but that the conclusion of the agreement had been held up because of technical difficulties. I also pointed out that we would not wish the Bank to take any action which might imply that the German territory now being administered by Poland would be awarded to Poland in the peace settlement. I also pointed out that care would have to be taken in dealing with such matters as arranging for resumption of public debt service, not to provide the Poles and the Soviet Government with propaganda material in the event that the loan was not consummated.

I referred to the relationship of the proposed loan to the negotiations in connection with the European Recovery Program and said that in the event that the Bank was to negotiate a loan the timing of any announcement might be of importance and inquired how soon the Bank felt that a decision would have to be made. Mr. Garner replied that in his opinion a decision would have to be made shortly after the return of Mr. McCloy on October 25. He pointed out that Mr. McCloy was now visiting Czechoslovakia and Poland.

I said I would see that the matter received prompt attention in the Department and said that we were grateful to Mr. Garner for informing us of the Bank's views on the matter. I indicated that I felt that the only loan justified was a limited one of this sort and that while I was personally inclined to think that a loan on this limited basis might be advisable, the Department would have to consider carefully the relationship of such a loan to the Marshall Plan.

LLEWELLYN E. THOMPSON

³ Secretary of Commerce.

[Annex]

*Memorandum by the Vice President of the International Bank for
Reconstruction and Development (Garner)*

[Extracts]

[WASHINGTON,] September 30, 1947.

CONSIDERATIONS AFFECTING A POSSIBLE LOAN BY THE INTERNATIONAL
BANK TO POLAND

In June we sent a fact finding mission, including a qualified coal engineer, to Poland to investigate conditions relating to the Polish request for a loan of about \$128 millions to finance increased production of coal and directly related industries.

The group returned in August and reports that a loan of about \$50 millions should result in substantial increase in coal production.

Poland's rejection of the invitation to the Paris Conference points up the group's own findings regarding the relations with Russia. Their investigation included discussions with several Socialist and Communist members of the Polish Cabinet, members of the opposition and minority parties, including the opposition leader, church authorities, senior members of foreign embassies, legations and consulates of some of the Bank's member nations, and other foreign observers. Such discussions pointed to the virtually unanimous agreement that there is today a substantial degree of actual and potential domination by Russia of Poland's political and economic policy, although, at present there appears to be little interference in the actual operations of the Polish economy.

In considering a loan to Poland, therefore, it is obvious that the Bank can not ignore the financial risks, inasmuch as Poland's actions might be determined by Russia, a non-member of the Bank, whose policies and objectives appear to be hostile to those of most of the Bank's members. However, the vital importance of Polish coal to our members in Western Europe, including those to whom we have already extended loans, convinces us that we should explore all possibilities for making a loan.

.
Debt Record—The Polish Government has announced publicly its intention to negotiate this autumn for the resumption of payment on its foreign debt, service of which was suspended following the invasion. The Polish authorities stated that with regard to the foreign debts of Danzig and the former German territories in the East and of Vilna, now incorporated in Russia, they would expect to negotiate settlements in accordance with the liabilities as fixed by the peace treaties.

We understand that negotiations are under way for settlement of the claims of foreign owners of properties which have been nationalized.

We believe that it would be practical for the Bank to get satisfactory assurances from Poland regarding these matters.

CONCLUSION

It is our opinion that the proposed loan of about \$47 millions would support a substantial increase in Polish coal production, with definite undertakings on the part of Poland to ship the bulk of increased export coal to the West.

We are further of the opinion that the value of this coal to other members of the Bank is sufficient to justify the risk that Russia might force Poland to default on its obligations.

However, it is realized that it is futile for the Bank to proceed in this matter unless its largest stockholder, the United States Government, would be willing to support the Bank in making such a loan.

Furthermore, it would be necessary to obtain the unofficial support of leaders in the financial community and the press in order to avoid criticism of the Bank which might interfere with its future financing in the American market. Confidential discussions with a few representative American bankers indicate that it would be possible to get support for the loan in important quarters.

The management of the Bank realizes the risks in a loan to Poland but considers the potential benefits sufficiently great to justify this risk. It also considers that if it turns down the loan it will greatly strengthen Russian propaganda claims that Poland and other similarly situated countries have nowhere to turn except to Russia.

R. L. GARNER

711.60C/10-1047 : Telegram

The Ambassador in Poland (Griffis) to the Secretary of State

SECRET

WARSAW, October 10, 1947—4 p. m.

1649. J. Zoltowski, financial advisor to Polish Embassy in Washington, called on me this morning just prior to leaving for return to states. I told him that I wished to congratulate him on representing unquestionably the dumbest and stupidest govt of any nation in the world in its relationship to the US, that since they had complete control of Polish nation and people they would consolidate their gains if they had any intelligence by also making friends with the US instead of continuing their constant campaign of invective and vituperation. He replied "I agree with everything you say. The fact is they really

want to be friendly but they don't know how to do it." He stated further that McCloy had created excellent impression by his straightforward talk to Bierut, Cyrankiewicz, Minc and Minister [apparent omission] assembled at Min of Finance dinner and further left Poles thinking very seriously that perhaps all of the same statements which we have been making to them for three months had some element of truth.¹

GRIFFIS

¹ In telegram 1621, October 7, from Warsaw, not printed, Ambassador Griffis reported on John J. McCloy's visit to Warsaw, October 5-7 (860C.51/10-747).

860C.51/10-1547 : Telegram

The Ambassador in Poland (Griffis) to the Secretary of State

SECRET

URGENT

WARSAW, October 15, 1947—5 p. m.

1677. My answer your 864¹ delayed on account my absence on trip with Senator Knowland² to western territories.

It is perfectly obvious that a dollar to Poland is a dollar to Russia and that any protective clauses contemplated loan absolutely unenforceable at any time Russians intervene. The entire decision of Department should be based upon consideration as to whether or not tremendous need of western Europe for Polish coal and probability of its receiving it overwhelm the political dangers. All things considered and in view of international nature of loan as outlined, I would be beckoned to favor the advance solely upon the chances of its aid to western European rehabilitation.

Despite unenforceability of restrictions, believe firmly that covenants and sinking funds should cover not only the increased output but a clearly defined percentage of the entire output in addition.

I assume that on account of international nature of bank no pressure in connection with loan can be brought on Polish Government to at least prevent their responsible officials from issuing slanderous and malicious attacks on us. Nevertheless I hope that Department will canvass any such possibility of pressure. Department can be assured that the very size of this loan will probably be used by Polish Government for further and more violent attacks on the US.

Since McCloy's recent visit here, believe Poles are convinced that they are going to obtain loan some time if not in the near future.

GRIFFIS

¹ Telegram 864, October 8, to Warsaw, not printed, summarized the status of the proposed IBRD loan to Poland as discussed in the Thompson-Garner conversation of September 30 (see p. 452) and requested Ambassador Griffis' views on the advisability of United States support for the loan (860C.51/10-847).

² Senator William F. Knowland of California visited Poland in mid-October.

811.5123 FO 25/10-2947

Memorandum of Conversation, by the Chief of the Division of Eastern European Affairs (Thompson)

[WASHINGTON,] October 29, 1947.

In the course of the conversation with the Polish Ambassador today, I inquired whether he had any further news on the agreement for compensation for the nationalization of American property in Poland. I reminded him that Mr. Litynski¹ had informed us that the Polish Foreign Minister had telegraphed to Warsaw regarding this matter at the time of his recent visit to Washington.

The Ambassador said that a reply had been received to the effect that the Foreign Minister and Mr. Minc did not intend at the present time to endeavor to obtain the agreement of the Polish Government to take up our suggestion for direct negotiation with the Silesian-American Corporation. He felt that this could not be done until the question of economic relations with this country were further clarified. In reply to my question he indicated he meant such matters as the International Bank Loan or American Government credits.

I observed that speaking frankly I wished to say that this was a rather surprising attitude. The Polish Government had nationalized American property; it recognized that it was liable for compensation and had negotiated an agreement to that effect but was now saying that it could not carry it out until Poland had obtained credits. The Ambassador hastened to reply that he could sign the agreement as negotiated today and that he could even sign the agreement with the protocol tomorrow. The position was that the Ministers who wanted to conclude the agreement did not feel that they could successfully take the further step of carrying out our suggestion until there was evidence that Polish-American economic relations were not going to deteriorate further. The Ambassador added he was sure that the mere inauguration of negotiations for an International Bank loan would be sufficient to enable the Foreign Minister and Mr. Minc successfully to complete the compensation agreement.

I said I could assure the Ambassador that this Government would never support a loan or credit to Poland in order to obtain a compensation agreement, and that any such loan would be decided on its merits.

LLEWELLYN E. THOMPSON

¹ Zygmunt Litynski, Economic Counselor, Polish Embassy.

860C.00/11-1547 : Telegram

*The Ambassador in Poland (Griffis) to the Secretary of State*¹

SECRET URGENT

WARSAW, November 15, 1947—3 p. m.

1873. For the President, the Secretary, and Under Secretary Lovett.² Upon the conclusion this week of 6 months service as Ambassador to Poland, I present the following brief résumé.

During the period, Polish-American relations have shown an almost continuous deterioration, beginning with the refusal of the Polish Government to send a delegation to the Paris Conference, continuing through the elimination of Poland from official American Government relief, followed by the elimination of grain allocations and the development of the American Policy in Germany, all accompanied by a continually rising tempo of attacks on the US from the mouths of leading ministers and the Polish press, substantially all completely of the USSR pattern.

During this period the following conclusions, very few of them new, have been reached:

1. The present Polish Government has a strong and complete control of the nation exerted through its bureaucracy, its secret police, and the presence of a Russian Army.

2. Having achieved this control, the government is now beginning to realize that it has sufficient strength to engage in open attack on and infiltration of the youth, the Catholic Church, and the small remaining Jewish population. There will not be much fight anywhere except the probably losing battle which will be waged by the Church.

3. With the flight of Mikolajczyk, the last vestage of legal organized opposition has disappeared.

4. The press of Poland is substantially 100% controlled and it is completely impossible for any American statements of policy or otherwise to obtain publication except in the dictated and slanted phrases of the Propaganda Ministry.

5. While the great majority of the people is opposed to the government, its propaganda, through constant reiteration, is having a definite and strong effect. The necessity of living and the belief that no change in the present government is possible except as a result of force applied to the Soviet Union have inevitably resulted in a feeling of resignation

¹ In telegram 990, November 18, to Warsaw, not printed, the Secretary of State replied to this message in part as follows:

"Have read urtel Nov 15 with great interest. It was particularly helpful receive your analysis Pol situation immediately before opening meeting in London." (860C.00/11-1547)

The reference is to the London session of the Council of Foreign Ministers, November 15-December 12.

² In a subsequent telegram, Ambassador Griffis requested that this message be circulated to Secretary of Defense Forrestal, Secretary of Commerce Harriman, and Senator Arthur Vandenberg.

on the part of the people and a tacit, though sullen, acceptance of the present regime.

6. While we have always had and still have a tremendous reservoir of good will in Poland, this reservoir is being constantly reduced as a result of the really effective use which the government is making of recent statements of American policy, particularly, of course, those having to do with the future of Germany.

7. In general, the government is doing a really excellent job of economic control, development and organization throughout the nation.

8. There is no immediate or far distant possibility whatever, under present conditions, of any change in the present form of government or in this government's complete subservience to the USSR.

9. The mass of the people are gainfully employed with a slowly increasing standard of living, are amply fed, and are, I believe, working harder than any other people in Europe.

10. The resettlement of the western lands has so far been pretty much of a failure.

11. The proposed consolidation of the Communists and the Socialists, with a possible later inclusion of the Peasant Party, may or may not take place but whether it does or not is relatively unimportant, owing to the fact that most of the Socialist control is ideologically Communistic, wearing a Socialist mask for the sake of holding its position.

12. Excepting through the use of coal, there is little possibility of any substantial export from Poland for some years and its imports, under trade agreement, without outside credits will be small.

13. Under all the circumstances, it is difficult to see any justification for the maintenance of an Embassy or Consular Service here excepting for (a) the use of the Embassy merely as a symbol of indestructible American friendship for the Polish people and as a listening post; (b) the maintenance of a Consular service for the protection of bona fide American citizens and interests. Most so-called Americans here represent a legalistic fringe.

14. The USIS in Poland should either be discontinued completely or expanded many times. At present its operations are so limited as to appear almost ridiculous when compared with the high-powered propaganda service maintained by the Russians and, to a lesser extent, the British.

My policy here for the period, aside from expressing American ideas as forcibly as possible and in words of one syllable to the Polish Government, has been to keep the peace, prevent dangerous incidents, develop the most efficient political reporting, and improve the almost intolerable living conditions of the staff. Resulting from fear and the instructions of the Polish Government as to the fraternization of Poles

with Americans, we have little contact with the Polish people and our contact with the Polish Government is confined to formalities. The curtain on our freedoms and operations here is slowly descending and offensive incidents are beginning to occur.

GRIFFIS

860C.00/11-1747

*Memorandum by the Former First Secretary of the Embassy in Poland (Andrews)*¹

TOP SECRET

[WASHINGTON,] November 17, 1947.

At 6:45 p. m. on Friday, October 17th, Mr. Mikolajczyk sent an urgent message to Mr. Blake, Second Secretary of the Embassy in Warsaw, saying that he wished to see him. As Mr. Blake was not available at the moment, Mr. Andrews, First Secretary, went around immediately to Mr. Mikolajczyk's house. The Polish Peasant Party leader informed Mr. Andrews that after the most serious thought and consideration from every angle, he was convinced that the Polish Government was about to suspend his parliamentary immunity and that of the other PSL Deputies and to seize him and certain other PSL Deputies for trial. He had received this report from two very reliable sources, he said. The Government would take this action, according to Mikolajczyk, at the forthcoming session of the Sejm scheduled to open Monday, October 27th. He felt that, as in the case of Petkov, the death sentence was a foregone conclusion and he did not think that to allow himself to be the victim of judicial murder would serve the cause of Poland or any other useful purpose. He added that he saw no sense in dying a needless death if he could possibly escape. He accordingly made a moving appeal for our assistance in getting him out of Poland and into friendly territory.

Mr. Andrews reported this to Ambassador Griffis immediately and the Ambassador responded by stating that he very definitely wanted to help Mikolajczyk escape from Poland. Accordingly, a meeting took place that evening at the Embassy residence at which were present the Ambassador, the Counselor,² the Military Attaché³ and Mr. Andrews. It was decided that in view of the moral responsibility which we shared with the British for having induced Mr. Mikolajczyk to return to Poland in 1945, we would on our own responsibility and

¹ George D. Andrews served as First Secretary in the Embassy from January 1946 until his departure from Warsaw on October 26, 1947. Andrews' transfer to Vancouver as Consul had been authorized by the Department on October 6, 1947.

For Ambassador Griffis' own account of the events described in this memorandum, see Griffis, *Lying in State*, pp. 170-175

² Edward Crocker.

³ Col. Thomas J. Betts.

without reference to anyone else except the British Embassy, endeavor to save Mr. Mikolajczyk from the Communist-dominated Polish Government.

It so happened that an American military truck convoy had arrived from Berlin on the previous day for the purpose of removing to Berlin 102 bodies of American war dead who had previously been buried in Poland. The convoy was to leave on Sunday morning, October 19th, and consideration was given to the possibility of concealing Mr. Mikolajczyk in an empty coffin in the convoy. At the same time every other possible alternate route was examined and given thorough consideration. The meeting was adjourned at about 11 p.m. and arrangements were made for a further meeting the following day at which it was agreed that the British Chargé should be invited.

At 11:30 a.m. on October 18th a second meeting was held at which in addition to the participants of the previous day were present Mr. Broad, British Chargé, Mr. Blake and the Captain in charge of the American motor convoy. It should be placed upon the record that the Captain of the convoy, fully cognizant of the dangers inherent in endeavoring to smuggle Mr. Mikolajczyk out by the convoy, did not hesitate in offering his services and that he expressed the opinion that there was a good chance for success. Other methods of escape were given thorough consideration, including the possibility of assistance over the Czechoslovakian border through Czechoslovakia and into the American Zone in Germany and also the route to Gdynia, thence on to a port either for Sweden, Denmark or Great Britain. In view of the fact that the route through Gdynia involved only one frontier, whereas the other routes involved two or more, a telephone message was sent to Mr. Walpole Davis, head of the Moore-McCormack Steamship Lines in Gdynia, that the Ambassador would like to see him in Warsaw the following day. At the same time, Mr. Broad agreed to send his Naval Attaché, Captain Ruck-Keene, to Gdynia at once with a view to examining the situation regarding ships leaving for England.

At 12:45 p.m. on October 18th Mr. Andrews went to see Mr. Mikolajczyk in his office at PSL headquarters and had a conversation with him which lasted 50 minutes. Under the Ambassador's instructions and in accordance with the agreement reached by the members of our Embassy and Mr. Broad, Andrews offered him the three following suggestions: (1) that he be smuggled out in a casket on the American convoy; (2) that he be taken out via Czechoslovakia; and (3) that he be assisted out of the country via Gdynia on a foreign ship. Mikolajczyk said that he preferred the last-named plan and that he did not like the idea of the casket because he felt that this would be very bad from the political angle for his political party and for all Poles opposed to the Communist Government in the event that he should be

discovered trying to escape by such a method. Furthermore, it would be impossible for him to leave on Sunday, October 19th, because, as the Polish Government knew full well, he had arranged to meet with leaders of the Polish Peasant Party at 11 o'clock, October 20th, and if he did not appear at that meeting his absence would be immediately noted and all border and other patrols would be alerted forthwith. He stated, however, that he would be prepared to leave at any time after 4 p.m. on Monday, the hour when the meeting would be over, even by the American convoy in a coffin.

Meanwhile, the Ambassador, Mr. Crocker, Colonel Betts, Mr. Broad, and Mr. Blake had proceeded to the latter's country house for a further discussion. At about 3 p.m. Andrews reported to the Ambassador and the others what Mikolajczyk had told him. At this meeting it was decided to discard the motor convoy plan, even though the Captain of the convoy had stated that he could hold up his departure until Tuesday morning.

On October 19th, Sunday, a further meeting was held at which were present the Ambassador, the Counselor, the Military Attaché, Mr. Andrews, Mr. Blake, Mr. Broad, and Mr. Davis, who had arrived from Gdynia. Mr. Davis stated that a British vessel, the *Baltavia*, was scheduled to sail on the afternoon of Tuesday, October 21; that he had been in touch with the British Naval Attaché, who thought the sailing could be put ahead several hours; and that arrangements had been made with the Captain of the British vessel to conceal Mr. Mikolajczyk on board provided we could deliver him. After several hours, detailed arrangements were worked out and agreed upon according to the planned schedule outlined below which actually was adhered to and proved successful. It was decided that since Andrews had seen Mikolajczyk on two days running, it might arouse the suspicions of the Security Police if he saw the PSL leader again, and that Blake should call on Mikolajczyk that evening, which he did. Mr. Blake had a conversation with Mikolajczyk of an hour's duration and outlined to him a plan which was accepted by Mikolajczyk, was adhered to and proved successful: At 6:30 p.m., Monday, October 20, an Embassy truck which had previously been carefully loaded with cases and boxes belonging to the British Chargé marked for London was parked at a rendezvous on a Warsaw street agreed to previously with Mr. Mikolajczyk. The latter arrived at the rendezvous accompanied, however, by a male companion which had not been previously agreed upon and after about ten minutes of reconnoitering succeeded in entering the truck where he made his way through a prepared tunnel in the boxes and rearranged them after his entrance so that he was thoroughly concealed. The truck, which was driven by Mr. Penhallow, in charge of the Embassy garage and motor truck service, who was

accompanied by Sergeant Sliwka of the Military Attaché's office, set off for Gdynia. It was necessary for the truck to pass nine control points at each one of which the truck was stopped. It should be mentioned that the driver of the truck, Mr. Penhallow, reported that for two to three hours his truck was preceded by a car which kept a measured distance ahead of the truck at whatever speed he chose to drive. This would indicate that Mikolajczyk, without previous arrangement with us, had made arrangements to have this car stand by in the event that he was discovered in order that he might make a break for it, if necessary. On one occasion the Polish guard insisted upon examining the contents of the truck, which he did with a flashlight, raising the canvas cover and peering about. At that point the driver of the truck, who had previously been supplied with 500,000 zlotys for purposes of bribery if absolutely necessary, stated that he had held the money in one hand and a monkey wrench in the other, prepared to use either if necessary. Fortunately, however, the examination proved to be of a cursory nature and the escapee remained undiscovered. After many vicissitudes, including several blowouts, the truck arrived at the house of Mr. Davis in Sopot at about 3:30 a.m., with one of the rear tires burning from friction, since there had been no time to repair any more blowouts. Great credit should be given to Penhallow and Sliwka for the courage, ingenuity and efficiency with which they carried out the mission assigned to them.

Mr. Mikolajczyk was taken by Mr. Davis into his house and given breakfast and allowed to relax, and at a quarter to seven he and Davis drove openly to the steamship pier in Davis's own car. Upon arrival at the pier, Mr. Davis put on a great show of indignation against the British Embassy in Warsaw for attempting to place the British Chargé's boxes and goods on the ship at the last moment before sailing, enlisted the sympathetic attention of the Polish guard at the gangway and persuaded him to proceed away from the ship to the customs shed where the manner of the loading of the goods was further discussed. Taking advantage of the momentary absence of the guard, Mr. Mikolajczyk walked up the gangplank of the vessel, where he was immediately concealed in the sick bay by the Captain. A few minutes later, the Polish guard announced that he was being relieved and after a change of guard took place, Mr. Davis went aboard the vessel, spent a brief time with the Captain and walked off the gangplank in view of the Polish guard and drove off. The ship sailed at about 9:30 in the morning and by noon was out of Polish territorial waters and safely on the way to London, where it was due to arrive on October 26th. The same credit should be given to Mr. Davis as that which should be given Mr. Penhallow and Sergeant Sliwka, for

if the plan had been detected by the Polish authorities, he would have jeopardized his job in Gdynia and his career.

It should be a matter of record that in making the arrangements with Mr. Mikolajczyk for his escape, the American Ambassador and his staff had made it clear that they were prepared to render assistance only to Mr. Mikolajczyk and to no one else; furthermore, that he was to leave without informing anyone of his impending departure. He asked that an exception might be made with respect to his secretary. (It should be noted that in the interview between Mr. Mikolajczyk and Mr. Andrews on October 18th, Mikolajczyk stated that Mrs. Hulewicz, his secretary, was actually his wife, since he had been secretly divorced from his former wife, now in England.) It was therefore agreed that although the Embassy was not prepared to assist his secretary in crossing the Polish-Czechoslovakian frontier, arrangements would be made with the American Military Attaché at Prague that if she succeeded in leaving Poland she would present herself to him and that he would inform the American authorities in the American Zone in Germany so that she could be assisted upon her arrival in that Zone. (It was later learned that Mrs. Hulewicz had been discovered in Czechoslovakia and returned to Polish authorities in Poland.)

GEORGE D. ANDREWS

860C.00/11-2147 : Telegram

The Ambassador in Poland (Griffis) to the Acting Secretary of State

TOP SECRET

WARSAW, November 21, 1947—11 a. m.

1897. For Lovett. On Wednesday November 19, I was called to the Foreign Office at 6 p. m. and, in the presence of Foreign Minister Modzelewski, director political department, Olszewski, and the head of the American section, Doctor Leszczynski, I was handed a note reading as follows:

“Excellency: I have the honor of calling the attention of Your Excellency to the following facts.

As Your Excellency knows, ex-deputy Stanislaw Mikolajczyk left Poland's frontiers illegally. On the basis of depositions of persons detained in this affair by the Polish authorities, among others a Mrs. Maria Hulewicz and Wincanty Bryja, and on the basis of other evidence, it has been established that officials of the American Embassy, among others Mr. Monroe W. Blake and Mr. George D. Andrews, aided Mikolajczyk in his illegal departure. I am convinced that Your Excellency will agree with me that such a procedure on the part of the Embassy's diplomatic officials had the character of intervention in Poland's internal affairs and was a glaring violation of legal regulations in force in Poland and an abuse of diplomatic privileges as well as the rights of hospitality.

Mr. Andrews left Poland in the meantime. As regards Mr. Blake, however, I am forced to declare with regret that he has ceased to be *persona grata* and therefore I request his immediate withdrawal from Poland.

I will be grateful to Your Excellency for informing me what attitude Your Excellency has taken in this matter and I avail myself of the opportunity of assuring Your Excellency of my high regard. Signed Z. Modzelewski."

Additional information in immediately following telegram.¹

GRIFFIS

¹ *Infra*. For Ambassador Griffis' own account of this interview, see Griffis, *Lying in State*, p. 174.

S60C.00/11-2147 : Telegram

The Ambassador in Poland (Griffis) to the Acting Secretary of State

TOP SECRET

WARSAW, November 21, 1947—noon.

1898. For Lovett. In continuation my 1897, November 21, Foreign Minister after having handed me note, proceeded orally to state that Polish Govt had evidence that Andrews and Blake conferred with Mikolajczyk on several occasions between October 17 and 19 and that Mikolajczyk escaped by use of an American car. He went on to refer to statement allegedly made by an unidentified American source in Germany and published in *New York Times* that there was a group of Americans organized for purpose of smuggling Polish scientists and others out of Poland. He took occasion also to refer to American press and radio statements and insinuations that Mikolajczyk had been secretly arrested by Polish authorities, that his life was in danger or that he had been murdered. He brought this part of his remarks to a close by stating that a number of persons saw Mikolajczyk get into an American car on day of his escape.

I asked immediately for evidence of the use of American car and further information as to when and where Mikolajczyk got into the car and where it was supposed to have taken him. The Foreign Minister stated that they expected to have this evidence shortly and would transmit it to me at the proper time. I expressed strong anger and resentment that I should be asked to withdraw Mr. Blake on such flimsy evidence as had been produced, insisted that the note was merely one more instance of blaming all evils in Poland on the US and the American Embassy, that no official of the Embassy had broken any Polish law and that I admitted none of the accusations and regarded the whole matter as simply another insult in the long line of attacks by the Polish press and Ministers of the Polish Govt. The Foreign Minister refused to withdraw the note and I left after an hour and a quarter of discussion.

Yesterday, Thursday November 20 I requested another audience with the Foreign Minister and was met by the same group at 2:30. I outlined the policies favorable to Poland which this Embassy carried out through my administration. I gave them my personal word that contrary to some accusations which have been made, this Embassy had at no time contributed money to Mikolajczyk or his party, that there existed in Poland no American organization for smuggling persons out of the country, that no member of this Embassy had violated Polish law in the matter. I called attention to the seriousness of the world situation, to the opening of the Ministers' Conference in London,¹ to the fact that no useful purpose could be served through their note or the consequent certain publicity attending it. I stated that it might be the beginning of drawing this Embassy and the Polish Govt into a position of antagonism from which the Polish Govt might find it difficult to extricate itself. I accordingly again urged that the Polish Govt withdraw its note declaring Mr. Blake *persona non grata* upon my agreement to recommend to the State Dept that, as his tour of duty was nearly over in any event, he should be transferred in the "reasonably immediate future" and that if this suggestion was accepted, other govts should agree that the entire episode would be kept confidential and that no attacks or implications of US involvement should be made if, as, and when the three people now under arrest were tried.

I further stated that whatever Mr. Blake and/or Mr. Andrews had done or not done, the responsibility was that of the Ambassador and that an attack on them was equally an attack on me.

After a long argument Foreign Minister agreed to withdraw the note and agreed to the various suggestions made subject to my arranging the transfer of Mr. Blake which I now propose to the Dept.²

We have given you by cable substantially no information regarding our direct knowledge of any events in connection with the Mikolajczyk case. We assume that as result of the visit of Mr. Andrews, you are familiar with such knowledge as we have. If not, I will cable it upon your request. It is my personal belief that the Polish Govt has no evidence except that presented by testimony of the three Poles arrested in Czechoslovakia i. e., that Andrews and Blake conferred with Mikolajczyk in his apartment on various occasions between October 17 and 19.

¹ Reference here is to the Fifth Session of the Council of Foreign Ministers, November 25–December 15, in London.

² The understanding described here was the subject of an exchange of letters between Ambassador Griffis and Foreign Minister Modzelewski, both dated November 21, the texts of which were transmitted to the Department as enclosures to despatch 426, November 26, from Warsaw, none printed (860C.00/11–2647).

As stated above I herewith recommend the transfer of Mr. Blake from Warsaw,³ carrying with it the highest recommendations of courage, ability and integrity that any Ambassador could possibly give to a Foreign Service Officer and with my request that he be given such promotion and choice of post as seem to be consistent with the justice of the situation and my previous recommendations to Ravndal.⁴

GRIFFIS

³ The Department approved Blake's transfer to the Embassy in Rome for which place he departed from Warsaw on December 9.

⁴ Christian M. Ravndal, Director General of the United States Foreign Service.

S60C.00/11-2947

*Memorandum of Conversation, by the Assistant Secretary of State
(Armour)*

SECRET

[WASHINGTON,] December 12, 1947.

Participants: Mr. Mikolajczyk¹

Mr. Zaleski, private secretary to Mr. Mikolajczyk

Mr. Armour, Assistant Secretary of State

Mr. Thompson, Deputy Director for European Affairs²

Mr. Mikolajczyk opened the conversation by expressing his thanks for our having permitted him and his friends to come to this country. He referred to the unfortunate fact that one of the groups of his friends attempting to leave Poland had been caught in Czechoslovakia and is concerned over treatment they would receive.

I expressed our pleasure at Mr. Mikolajczyk's safe journey and said that we were very glad to welcome him here. I explained the delay in our receiving him and said that we hoped for the next few months nothing would occur which would embarrass our Ambassador and the Embassy in Warsaw. Mr. Mikolajczyk indicated that he fully appreciated these considerations. I then asked what he could tell me about

¹ Mr. Mikolajczyk arrived in the United States on a visitor's visa at the end of November. A memorandum of December 1 from the Office of European Affairs to Acting Secretary of State Lovett and Assistant Secretary of State Armour read in part as follows:

"A telegram has been received from Mr. Mikolajczyk asking to be received by the Acting Secretary at his convenience. He has also informed the press that he hopes to be received by the President. In view of the important role which this Government played in the arrangements made for Mr. Mikolajczyk's return to Poland [in 1945] and participation in the Provisional Government there, as well as the consistent cooperation which he has given us, it is believed that he should be received if possible by Mr. Lovett, otherwise by Mr. Armour. It is understood that the President is leaving Washington on December 3 and the question of his seeing the President can be deferred." (S60C.00/11-2947)

² Mr. Thompson became Deputy Director of the Office of European Affairs, on November 14.

conditions in Poland. Mr. Mikolajczyk referred to the fact that the Communists in the Polish Government had now succeeded in eliminating any real political opposition but said that the bulk of the Polish people continued to be opposed to the Communists and the Government. He said he was personally more concerned about the ability of the people to resist economic pressure than he was over the question of political methods of suppression. He said that Minister Minc was now in a position to control the economic life of every individual in Poland.

Mr. Mikolajczyk said the important thing to do now was to keep alive the independent spirit of the Polish people. He said in this connection that very little could be done within Poland and said he thought our Embassy there would be increasingly isolated and already Poland was without any uncontrolled newspaper. The main reliance therefor would have to be on foreign broadcasts and he said that the Voice of America had played a very important role. When he had heard that Congress had cut the appropriations for these broadcasts he had been very discouraged. Although our signal was weak there were many sets in Poland that could pick it up and people were eager to listen to our broadcasts. He mentioned that the vacuum tubes for these sets would be wearing out and it would be important for us to do anything we could in connection with any trade agreements which Poland might make to facilitate the acquisition by Poland of additional tubes.

In addition to the broadcasts Mr. Mikolajczyk thought it would be very useful and important for the Polish case to be brought before the United Nations. He realized it might be argued that this could lead to no positive result but he thought it would have an important effect in letting the Polish people know that there was still interest in their independence and welfare and that this would give them hope.

Mr. Mikolajczyk mentioned also that food packages, particularly those sent from one individual to another, were of the greatest importance in maintaining the morale of the people.

In replying to a question regarding the attitude of the members of the present Government toward questions affecting the future of Poland, Mr. Mikolajczyk said that, of course, the Communists were entirely subservient to Moscow and any national feelings they might have had counted for nothing. The Socialists were virtually without power and were entirely controlled by the Communists. He mentioned the fact that the Prime Minister was the author of articles severely criticizing Stalin and knew that he could be removed at any time. He also referred to the fact that in the arrangement concerning reparations by which the Poles supplied coal to the Russians, the price had been fixed at \$4.00 per ton in the negotiations. After the agreement

had been signed Mikolajczyk found that the actual price had been fixed at \$2.25 per ton and that this had been done by Gomulka and Minc without informing the other members of the Government.

I inquired if Mr. Mikolajczyk did not think that the success of the Marshall Plan would have a favorable effect upon the Polish people. Mr. Mikolajczyk indicated that he was not optimistic that it would ever be possible for the Soviet and Western systems to exist peacefully in the same world. He said that even if a solution to the political problems involved could be found he did not believe that their economic systems could be harmonized.

With respect to future plans Mr. Mikolajczyk said he was going to visit Chicago, Detroit and Boston where he would speak and that he was working on his book which he hoped to complete about next March. His first article based on the book would appear probably in January.

He said he was in great sympathy with the so-called Green International and inquired whether we could give him any advice or information as to our attitude on this question. I indicated that we sympathized with the peasant movement in all these countries but suggested he should go slowly in making up his mind as to what course he should follow. I pointed out that *émigré* groups abroad were very much divided and that he, who occupied such a unique position, should consider carefully whether he should identify himself with any one of them. Mr. Mikolajczyk said that he had been urged by *émigré* Poles to denounce the Yalta Agreement with respect to Poland and to declare this Agreement invalid. He said he had refused to do so pointing out that Poland was not a party to the Yalta Agreement although he and his friends had endeavored without success to carry out some of the steps necessary to the implementation of that Agreement. I said that we had great confidence in his good judgment and that we felt sure his course of action would be such as to justify the confidence which so many people had in him.

Mr. Mikolajczyk asked what arrangements could be made about his visa since he would probably wish to take trips to London and Paris. His visa was now valid for six months and he did not know whether he would have difficulty in remaining here after that time.

I replied that I believed he would have no difficulty in making the trips he indicated and returning during the period of validity of his visa. I suggested, however, that he keep us informed in order that we could facilitate the matter. I also stated that I thought that there would be no difficulty in renewing the visas of himself and his party for an additional six months and pointed out that this would give us time to look further into the matter. In this connection I referred to our very stringent immigration laws.

Mr. Mikolajczyk also inquired whether it would be possible for him to see the President. I replied that for the reasons I had indicated earlier I thought it best if we left this matter in abeyance for the moment.

In taking his leave Mr. Mikolajczyk again expressed his appreciation of our assistance and said he would be at our disposal at any time we wished to consult him.

N[ORMAN] A[RMOUR]

RUMANIA

EFFORTS BY THE UNITED STATES TO ASSIST IN THE ESTABLISHMENT OF A DEMOCRATIC AND INDEPENDENT RUMANIA AND TO ASSURE FULFILLMENT OF WARTIME AND POST-WAR AGREEMENTS¹

871.00/1-447

*Memorandum of Conversation, by the Assistant Chief of the Division
of Western European Affairs (Wallner)*

[WASHINGTON,] January 4, 1947.

Participants: The Secretary
Dr. Mihai Ralea, EE and MP of Rumania to the US
Mr. Wallner, WE (interpreter)

The Secretary today received Mr. Ralea at the latter's request.

The Rumanian Minister explained that he came to make a formal call on the Secretary since the latter had been absent when he arrived in Washington.² After the usual polite exchanges, Mr. Ralea said that he regarded his principal task to be that of bringing together the Rumanian and American peoples. He added that he was not a professional diplomat but a political man and [as] the Vice President of Plowmen's Front Party he had considerable political influence in his own country which he intended to use to the full for the *rapprochement* of the two peoples.

The Secretary remarked that he wished to repeat what Mr. Acheson no doubt had already told the Minister, namely that this Government had been extremely disappointed at the manner in which the Rumanian elections had been conducted;³ that he had been at Yalta and at Moscow and that the elections were conducted in violation of the letter and spirit of the agreements reached at those places.⁴

¹ For previous documentation on these subjects, see *Foreign Relations*, 1946, vol. vi, pp. 555 ff.

² Minister Ralea presented his letters of credence to President Truman on October 1, 1946.

³ National elections were held in Rumania on November 19, 1946. For an analysis of the elections, see telegram 1101, November 23, 1946, from Bucharest, *Foreign Relations*, 1946, vol. vi, p. 655. For the statement issued to the press by Under Secretary of State Dean Acheson on November 26, 1946, expressing the dissatisfaction of the United States Government with the unfree nature of the elections, see Department of State *Bulletin*, December 8, 1946, p. 1057. Under Secretary Acheson did not discuss the election results with Minister Ralea.

⁴ The references here are to the Declaration on Liberated Europe, included as item V of the Report of the Crimea Conference, February 11, 1945, *Foreign Relations*, The Conferences at Malta and Yalta, 1945, pp. 971-973, and item V of the Communiqué of the Moscow Conference of the Three Foreign Ministers, December 27, 1945, *Foreign Relations*, 1945, vol. ii, pp. 821-822.

Mr. Ralea replied that he regretted the Secretary's feeling which he was sure grew out of an unrealistic and ideal conception of elections. Rumania was the beginning of the Orient, and elections there were not conducted as they were in England and the United States. They were traditionally held in an atmosphere of political passion and corruption. He recalled that when he had been an Opposition candidate some years ago he had been imprisoned by the Government during his campaign in order to insure the election of his opponent. He stated that corruption in the present election was only normal, affecting some 200,000 ballots or about five percent. The results would have been almost the same if no corruption had existed.

The Secretary declared that this Government had no intention of dictating to the Rumanian or any other people how they should conduct their elections, or of intervening in favor of one party or the other; nonetheless the American Government had made a commitment that the Government of Rumania should reflect the free expression of the will of the whole Rumanian people and their many political tendencies and that this commitment, to his regret, had not been fulfilled.

The Minister said that it was the wish of all the parties of his Government, including the Communist fraction representing only 17 percent, to enter into non-exclusive international intercourse with all countries of the world and particularly with the United States. Rumania needed the United States, and the Rumanian political parties and people wanted better and fuller relations with them. He stressed particularly the question of economic relations, referring to the two years' drought and his country's desperate need for grain.

The Secretary said that this was a question for the Minister to take up with Mr. Clayton⁵ and the economic side of the Department, where it would receive thorough and fair consideration. He went on to explain some of the limiting factors in the grain situation, particularly inland transportation, and emphasized that these factors had prevented us from fulfilling our commitments toward both our former allies, England and France, and to the occupation zones of Germany and Japan for which we were responsible.

Mr. Ralea declared that he did not wish to give particular stress to the grain matter at this time: he was using it as an example of the way in which the United States could make its presence felt in Rumania. Economic collaboration was the beginning of political influence. The Rumanians were a Latin Island in a Slavic lake, a people of peasants attached to private ownership of the soil. They felt the need of the West because of their racial affinity with it and the affinity

⁵ William Clayton, Under Secretary of State for Economic Affairs.

of their economic ideas. If the United States snubbed them, scolded them and ostracized them, they would be forced to fall within what he described as an "exclusive influence".

"Do not, Mr. Secretary," said the Minister, "leave us behind the iron curtain!"

After a further exchange of civilities, Mr. Ralea took his leave.

871.00/2-547 : Telegram

The Representative in Rumania (Berry) to the Secretary of State

SECRET URGENT

BUCHAREST, February 5, 1947—10 p. m.

100. ReDeptel 61, January 31.¹ Following paragraphs summarize developments of my thinking in interval between making my recommendations following Rumanian election (remytel 1101, November 23² and even before Paris signing of Rumanian treaty.³ The numbered paragraphs correspond in subject matter to those of my telegram 1101.

1. Acting Secretary in press conference of November 22 commented that Rumanian elections were not free and unfettered elections anticipated by Moscow Decision and promised by Groza⁴ Government.

Dept expected then to send notes to Rumania and British Governments stating Rumanian Government had not fulfilled its promises given in connection with acceptance of Moscow decisions. At that time I considered such move essential, as I believed coming into force of peace treaty would terminate wartime agreements of Yalta, Potsdam and Moscow, except for those provisions of agreements that are incorporated in texts of treaties. I am now pleased to learn Dept holds treaties will not invalidate Yalta, Postdam and Moscow agreements and (reDeptel 61, January 31) that way continues open for us to take direct interest in Rumanian affairs.

I believe Rumanians will contest this point of view. Groza, after staging a crudely manipulated election and winning our tolerance of

¹ Not printed. It stated that the Department felt for both political and practical reasons that the United States should proceed with the exchange of diplomatic representatives with Rumania following the coming into force of the Peace Treaty with Rumania. From the practical standpoint, the Treaty would terminate the state of war and the armistice period and conclude the legal basis for informal missions in Rumania. From a political standpoint, the Treaty would not affect the Yalta, Potsdam, or Moscow agreements but would further oblige the Rumanian Government to respect the human rights of its citizens. Representative Berry's comments were invited (740.00119 EW/1-2347).

² *Foreign Relations*, 1946, vol. vi, p. 655.

³ The Treaty of Peace with Rumania was signed in Paris on February 10, and ratifications were deposited in Moscow on September 15, on which date the treaty entered into force. For the text of the treaty, see Department of State Treaties and Other International Acts Series (TIAS) No. 1649. For documentation on the signing, ratification and deposit of ratification of the treaty, see volume III.

⁴ Petru Groza, Rumanian Prime Minister.

heavily falsified returns, has let it be understood that in affairs with western democracies, he is in position to promise anything, to do exactly what he pleases about his promises, and to get by with what he does.

I believe Soviets will also contest our point of view. Even during armistice period, they worked persistently to develop fiction that Rumania was sovereign state and decisions of Rumanian political leaders were Rumanian decisions. Rather than govern, they preferred to pull strings of the governors. The reason for this attitude is more valid under treaty than under armistice. Nevertheless, if our point of view is otherwise, and we are determined to stick to it, we will by implementation of our attitude continue to give courage to Rumanian democratic elements.

2. In November and today, I believe the only real solution of Rumanian problem is possible after agreement through discussion of problem on same level that produced Moscow decisions. I am not hopeful that such a discussion will bring about an agreement. In November, I considered such discussion urgent, thinking it would be barred by coming into effect of peace treaty. Now that I learn treaty does not supersede Moscow Agreement, discussion is not so urgent, but keeping Rumanian problems a live issue remains important. Therefore, Department's plan is good to send Rumanian Government communication, which will be made public before exchange of ratifications, pointing out its treaty obligations in regard to human rights and that implementation of treaty would not only improve political, social and economic life of Rumanian people, but enable Rumania to take its place as member of UN. In this connection, that our statements not have a hollow ring in Rumania, I urge we be [apparent garble] to continuing validity of Yalta, Potsdam and Moscow decisions and that US Government believes new elections are in order.

3. In November, I recommended my early transfer as at that time I thought in view of Acting Secretary's Rumanian election statement, my activities would bring a diminishing return, particularly in government circles. But time showed election was boomerang that came back to cripple government. In fact, position of government leaders deteriorated faster with Rumanian people than my position did with those leaders, with result that I was stronger relatively than I expected to find myself. Consequently, I am now of opinion my transfer should take place after agreement for American Minister is asked and received. His arrival then for reasons stated in next paragraph should not be long delayed. I repeat my recommendations (mytel 100 [1101?], November 23) that Melbourne and Hulick⁴ be transferred.

⁴ Roy M. Melbourne and Charles E. Hulick, Jr. were Foreign Service Officers with the Mission in Rumania.

4. I agree with Dept that treaty ratification concluded legal basis for existence in Rumania of an informal official mission. I agree too that for both political and practical reasons, US should, after obtaining Senate consent of ratification, proceed with exchange of diplomatic representatives.

If we could view Rumania as an isolated case, I would repeat my recommendation that we indicate disapproval of Groza Government by making our representative Chargé d'Affaires with personal rank of Minister. But Rumania is not a special case. It is an integral part of western border area of Soviet Union. It, like each of other states in that area, has been dominated militarily, economically and politically by Soviet Union. Unless Rumanian Government requests otherwise, military domination after effective date of Rumanian treaty should diminish and finally disappear after effective date of Austrian treaty. But threat of military domination will remain, and political and economic domination will so be intensified. Dept is well aware from my and other reports of extent of this political domination. Reports of economic domination are also impressive. I need only to mention Soviet Rumanian companies which give Soviets dominant position in air, ocean and river transport, and in lumber, banking and oil industries. I understood Soviets have recently obtained an 80% control petrol and coal mines and are negotiating for acquisition of controlling interest in Rumanian railways. Moreover, Soviet economic policy is directed towards maintaining an indefinite open account on reparations which means an indefinite absolute control over Rumanian economy.

From all I can learn Soviets are consolidating their authority in all border states before withdrawing Red Army. I expect them to wage fierce diplomatic battle to preserve political and economic position they acquired during immediate post-war period in these states. I now believe, therefore, that if we have an Ambassador in Poland and Yugoslavia, we should have a Minister in Rumania.

I believe that our Minister will be faced in first year of peace with problems that will challenge his best efforts. I am gratified from announcements of recent assignments, that Dept realizes Legation, Bucharest, will be faced with difficult task and therefore is making assignments of experienced men of proven ability. As period has now ended when missions of western democracies can serve their purpose by acting as brake on Communist machinations and supporting morale of opposition by keeping it informed of what is going on in outside world, Dept must be prepared to give its Minister full and prompt support in carrying through of its directives. It must be prepared to take active counter measures against a government that only half conceals its contempt for our strength; a government that builds its for-

eign relations upon basis of half-truths, or when they are unavailable, on complete falsehoods.

5. The King's prestige has not been irrevocably lost by his actions since elections. Although Rumanian people generally regret that he has had to follow course he has, there is so little for them to hold on to that they grasp at that little. Thus, the Monarchy in Rumania today, while not being very strong, does furnish vehicle to which people can attach their hopes. King Michael still is on his throne and as long as he remains there, he will be an influence on the country. The foundation has been laid during armistice period for this influence to regard favorably American interests in Rumania.

BERRY

Editorial Note

Following a discussion at the Cabinet meeting of February 14 and a meeting of the Cabinet Committee on War Food Problems on February 15, concerned with emergency relief for Moldavia, President Truman announced on February 17 that he had asked the American Red Cross to finance and supervise the distribution of a shipload of emergency food rations being diverted to Rumania by the United States Army. The President explained that he was taking the action on humanitarian grounds as a result of information about the famine in Moldavia. In his statement, President Truman also gave the substance of a communication given to the Rumanian Minister the following day asking the Rumanian Government for assurances that cereal grains purchased from the United States, as well as indigenous food, would be utilized effectively in order to prevent the recurrence of famine conditions. For the text of the President's statement, see *Public Papers of the Presidents of the United States: Harry S. Truman 1947* (Washington, Government Printing Office, 1963), page 132 and Department of State *Bulletin*, March 2, 1947, page 396. On February 25, the Department of State issued a statement to the press summarizing a communication received from the Rumanian Government expressing gratitude for the assistance being rendered Rumania by the American people and giving most of those assurances asked for by the United States Government with respect to grain subsequently purchased by Rumania. For the text of the statement, see Department of State *Bulletin*, March 9, 1947, page 448. Subsequently, at the recommendation of the International Emergency Food Council, the Department of Agriculture allocated approximately 68,000 tons of corn to Rumania for food purposes for delivery March through June and 27,000 tons of corn and oats for seed purposes. In July, the Rumanian Government

cancelled its requests for additional allocations of corn from United States stocks. Documentation on United States-Rumanian negotiations for the allocation of American grain to Rumania is included in Department of State file 871.5018.

871.00/3-1347 : Telegram

The Representative in Rumania (Berry) to the Secretary of State

TOP SECRET

BUCHAREST, March 13, 1947—7 p. m. ¹

219. Maniu ² in conversation said his party desired to overthrow present Rumanian dictatorial minority government that was bringing ruin to country. His plan was not revolution but it might entail bloodshed. Ousting of Groza Government could be accomplished successfully only with concurrence of three political elements: Rumanian people, King and Great Powers. The people had spoken in recent election by voting heavily against Government. The King, according to Maniu, is willing. The attitude of American and British Governments remains to be learned. This was the reason for his visit.

I replied basic attitude of American Government was well known to him from American participation in Crimean declaration and subsequent attempts to implement that declaration in notes to Rumanian Government. I added I must refer his statement to Washington for study as I could not take responsibility of endorsing action which he said might entail bloodshed and in case of failure certainly would bring severest retaliation by Communists against Peasant Party.

BERRY

¹ This message was delayed in transmission and was not received in Washington until March 19, 1:56 a. m.

² Iuliu Maniu, President of the Rumanian National Peasant Party.

871.00/3-1547

The President of the National Peasant Party (Maniu), the President of the National Liberal Party (Bratianu), and the President of the Independent Social Democratic Party (Petrescu) to the Secretary of State ¹

[Translation]

In spite of repeated interventions with the Rumanian Government to respect the provisions of the Potsdam, Yalta, and Moscow Agree-

¹ The source text was transmitted to the Department as an enclosure to despatch 1434, March 15, from Bucharest, not printed. Copies of this communication were sent by Representative Berry to the Embassy in Moscow. At this time, the Secretary of State was in Moscow for the Fourth Session of the Council of Foreign

Footnote continued on following page.

ments, and to reestablish public liberties, the rights of man and the security of property and persons, a new wave of terror and oppression has fallen upon Rumania.

The democratic parties, National Peasant, National Liberal and Independent Social Democratic, fully conscious of the grave situation created by the famine and the consequences of the economic disaster, provoked by the incapacity of the regime in power, had imposed an absolute restraint on themselves, which the Minister of the Interior was himself recently obliged to recognize. They had abstained voluntarily from yielding to the indignation of public opinion, still under the impression of abuses and shameless falsifications of the elections of November 19, 1946. They had observed a restraint which was dictated to them by the tragic situation of starving regions and the patriotic care of not augmenting by new interventions the actual difficulties.

It is then without any worthwhile reason and without the shadow even of a pretext that the Government for a week has been proceeding to mass arrests in all the country of notable members of the three democratic parties of the opposition. Their number increases from day to day and from hour to hour; in all districts some heads of organization, vice presidents and secretaries general of the three parties, among whom is the Assistant Secretary General of the National Peasant Party, who is at the same time the president of the workers section of the party, workers, intellectuals and university professors, are carried off from their homes, hauled in trucks, imprisoned or sent into concentration camps, recently created for this purpose.

It goes without saying that there is left to them no chance to appeal to justice and to defend themselves against accusations of which they are ignorant.

The Government acts in this illegal and abusive way against the democratic parties of the opposition not only with the purpose of maintaining in power the actual regime, unrepresentative and dictatorial, but also for aims which we do not foresee at the moment.

The National Peasant, National Liberal and Independent Social Democratic Parties ask your Excellency to act with the briefest delay to put an end to an intolerable situation, which no dictatorial regime

Footnote continued from previous page.

Ministers, March 10–April 24. This communication was also sent by the three opposition parties to the other members of the Council of Foreign Ministers.

Separate documents were prepared by the National Peasant Party (dated March 10) and by the National Liberal Party (undated) which reviewed in detail the repressive measures by the Rumanian Government against the opposition parties. These documents, addressed to the Secretary of State, were transmitted to the Department of State as enclosures to despatches 1438, March 17, from Bucharest, and 1446, March 18, from Bucharest, respectively, neither printed (871.00/3–1747, 3–1847). Copies of the communications were also sent to the Embassy in Moscow.

None of these requests and appeals was taken up by the Council of Foreign Ministers. For the records of the Council's session, see vol. II, pp. 139 ff.

has yet exceeded in Rumania, and which constitutes a flagrant violation of the Potsdam, Yalta and Moscow Agreements, as well as the spirit of the recently signed peace treaty.

<i>The President of the National Peasant Party</i>	<i>The President of the National Liberal Party</i>
JULIU MANIU	C. I. C. BRATIANU
<i>The President of the Independent Social Democratic Party</i>	
CONSTANTINE TITEL PETRESCU	

[BUCHAREST,] March 13, 1947.

871.00/3-1347 : Telegram

*The Acting Secretary of State to the Representative in Rumania
(Berry)*

TOP SECRET

WASHINGTON, March 19, 1947—8 p. m.

179. Please inform Maniu (urtel 219 Mar 13) that while US Govt does not condone dictatorial minority rule of Groza Govt contrary to democratic principles to which US firmly adheres, US Govt cannot support or advocate attempt violent overthrow with probable attendant consequences for Rum people.

ACHESON

871.00/3-1247 : Telegram

*The Acting Secretary of State to the Representative in Rumania
(Berry)*

CONFIDENTIAL

WASHINGTON, March 20, 1947—7 p. m.

181. While we realize censorship Rumania makes transmission communications to Secretary General United Nations by ordinary postal channels difficult, we not disposed on that ground to assume role transmitting agency for communications mentioned urtels 210 Mar 11¹ and 215 Mar 12.² At same time, we do not desire in declining Maniu's and Petrescu's request to imply approval conditions in Rumania of which they complain nor disagreement justice such complaints. Accordingly,

¹ Not printed; it reported the receipt of a memorandum setting forth the official attitude of the Rumanian Independent Social Democratic Party with respect to the Peace Treaty with Rumania. The Party asked that the Department of State forward the memorandum to the United Nations Secretariat (871.00/3-1147).

² Not printed; it reported that the mission in Rumania had been asked by the three opposition political parties (National Peasant Party, National Liberal Party, and Independent Social Democratic Party) to transmit documentation prepared by them to the Secretary General of the United Nations showing the suppression of civil liberties and the persecution of their parties (871.00/3-1247).

in expressing regret this Govt not consider advisable comply their requests please make clear to Maniu, Bratianu and Petrescu that position taken US in this matter predicated on considerations other than merits complaints in regard to which US attitude concerning suppression popular liberties in Rumania and persecution democratic opposition has already been repeatedly set forth.

For your info, we understand Sec Gen customarily circulates to UN members communications received from Govts but takes no action on communications from others unless a UN body is already seized of matter concerned, beyond indicating to Members that such a communication has been received.

ACHESON

871.00/3-2547 : Telegram

*The Acting Secretary of State to the Representative in Rumania
(Berry)*

SECRET

WASHINGTON, April 1, 1947—7 p. m.

207. Brit Emb has informed Dept of suggestion by your Brit colleague¹ that as measure counteract recent intensification Rum Govt's persecution democratic elements reported urtel 252, Mar 25² and previous US and UK Reps Bucharest might approach Rum Govt and in making clear that they were acting on instructions point out that such action contrary guarantees provided Article III Treaty of Peace and that if persecution not discontinued it might be necessary for US and UK Govts to consider action similar to recent *démarche* in Hungary.³ Brit Rep feels formal demand for ACC investigation not advisable on basis information available to date particularly as we might have difficulty proving Soviet responsibility situation.

We doubt effectiveness suggested informal representations and inclined believe such action subject interpretation as evidence Western interest in democratic elements Rumania less than in similar forces other countries where we have taken forthright formal action. We are also dubious desirability formal protest at this time. Your comments will be appreciated.⁴

Sent Bucharest, rptd London.

ACHESON

¹ Adrian Holman, British Political Representative in Rumania.

² Not printed.

³ For documentation regarding the efforts of the United States to assist in the maintenance of democratic institutions in Hungary, see pp. 260 ff.

⁴ In telegram 278, April 4, from Bucharest, not printed, Representative Berry replied that he agreed with the views set forth in this telegram. Berry recommended, however, that publicity at home and in Rumania through the Voice of America be given to the Rumanian situation. Berry reported that the opposition leaders in Rumania were discouraged at the lack of American recognition of their current plight and felt that those persons already imprisoned by the Rumanian Government could only hope to be released as a result of a strong American *démarche* (871.00/4-447).

871.00/4-447 : Telegram

The Representative in Rumania (Berry) to the Secretary of State

CONFIDENTIAL URGENT

BUCHAREST, April 4, 1947—7 p. m.

279. My British colleague who has just resumed his duties after an absence of 4 months telegraphed his government today that just as past year was one of attack and protest to secure from Rumanian Government implementation of its commitments, he foresaw that coming year would be one of waiting and patience. He thought it desirable to work for preservation of "status quo", however unpopular and unrepresentative Groza Government might be, until its appropriate modification could be brought about through democratic processes without fear of Soviet interference or aggression.

Much as I agree with my British colleague in general upon undesirability of making futile protest, I feel we should react immediately and strongly to any action on part of Rumanian Government which infringes upon American rights or its international commitments.

Again I agree that it would be unwise to abet overthrow Groza Government as long as Soviet troops occupy Rumania, yet I believe we must do what we can to prevent Communists from increasing their control. Above all else, we must not let the opposition parties feel that they have been abandoned. Their patience and restraint is based upon certainty that Soviet troops at a definite date will all leave Rumania. Should Moscow Conference¹ adjourn without making such provisions, a wave of pessimism will sweep Rumania, which will be at least as strong as wave of optimism that followed President Truman's March 12 speech.²

BERRY

¹ The reference here is to the Fourth Session of the Council of Foreign Ministers, held in Moscow, March 10-April 24. The Council did not discuss the situation in Rumania.

² The reference is to the Special Message by President Truman to the United States Congress regarding assistance to Greece and Turkey, March 12; for text, see *Public Papers of the Presidents of the United States: Harry S. Truman, 1947* (Washington, Government Printing Office, 1963), p. 176, and Department of State *Bulletin*, March 23, 1947, p. 534.

871.00/5-747 : Telegram

The Representative in Rumania (Berry) to the Secretary of State

SECRET URGENT

BUCHAREST, May 7, 1947—3 p. m.

372. Second wave of mass arrests within 2 months began night of May 4 and has continued unremittingly. Qualified source stated that number arrested thus far in this second effort is well over 1,000 and that number arrested in first wave during March and early April totalled 728. All are held in prison and concentration camp. Arrests

include not only political opposition but some members of government Social Democrats and National Popular Party. While Interior Ministry operate arrest machinery, all reports are made to Soviet MVD representative.

Interior Ministry communiqué published May 6 announces some arrests have been made against those "instigating disorder, inciting racial hatred, and having created organizations of subversive character, preparing and committing acts of sabotage and terror". Those guilty after investigation supposedly will be tried. Yesterday National Liberals also presented memoir to Mission protesting against arrests, asserting government making strongest efforts prior to treaty ratification to foment trouble and to include opposition within province of treaty Article 5 as reactionary and Fascist organs. They charge this is done to nullify treaty Article 3 solemnly guaranteeing public liberties.

Arrests are reliably stated to be result of Moscow chiding that regime responsible for strong opposition because it permitted too much freedom and present actions are fruition of plans made in past 2 months.

Responsible reports also grow that government and Soviet agents throughout country seek to incite populace to some reaction against regime and its methods as nation-wide tension mounts. Several observers further assert signs unmistakable arrests motivated by government fear of possible Anglo-American methods to implement peace treaty following ratification and as gigantic provocative action to justify effective sabotage of public liberty guarantees.

BERRY

711.74/5-2247

*Department of State Policy and Information Statement*¹

[Extract]

SECRET

[WASHINGTON,] May 22, 1947.

RUMANIA

I. CURRENT US POLICY TOWARD RUMANIA

a. General Political. In conformity with our objective of supporting peoples who are resisting attempted subjugation, our present policy toward Rumania is directed to preventing the Soviet Union from establishing complete control over that country.

¹ Department of State's Policy and Information Statements were concise documents summarizing the current United States policy toward a country or region, the relations of that country or region with the principal powers, and the issues and trends in that country or region. These Statements, which were begun in the spring of 1946, were generally prepared by *ad hoc* working groups in the responsible geographic offices of the Department of State and were referred to appropriate diplomatic posts abroad for comment and criticism. The Statements were periodically revised.

Our efforts since the end of the war to bring about Rumania's political and economic reconstruction along democratic lines have so far failed. In accordance with obligations undertaken in the Crimean Declaration on Liberated Europe, we brought about tri-power consideration of Rumania's political situation but hopes that the political issues could be so resolved soon faded. However, although the US long-term objective of the readmission into the family of peaceful nations of a democratic and independent Rumania wherein US interests would enjoy equality of opportunity will be difficult of attainment in the foreseeable future, we intend to continue our efforts to that end. There are still democratic forces in Rumania which are opposing, sometimes actively, though less and less effectively, the imposition of a Communist dictatorship. It is our policy to continue to give these elements whatever political support we can, while withholding from the Government itself any economic assistance, other than of a completely humanitarian nature, as this would only serve to complement its totalitarian economic policies and consolidate its political position.

[Here follows a summary review of the political developments within Rumania during 1945 and 1946 and the efforts by the United States Government to assist in the establishment of democratic institutions there. Full documentation on these matters is included in *Foreign Relations*, 1945, volume V, pages 464 ff. and 1946, volume VI pages 555 ff.]

In addition to these steps taken by this Government to normalize its relations with Rumania, to support democratic political elements, and to implement its Yalta commitments, we have given support to the Rumanian people on humanitarian grounds. When a severe famine threatened the province of Moldavia during the past winter, we provided substantial quantities of concentrated foods for distribution through the American and Rumanian Red Cross and allocated 76,000 tons of corn for purchase by the Rumanian Government.² Although these humanitarian efforts were duly recognized by the Rumanian people and grudgingly by the Communist-controlled Government, we have no intention of giving any economic support to the regime itself as long as it is unrepresentative in character and repressive in action.

After the formal conclusion of the peace with Rumania and when the US shall have established full diplomatic relations with that country, we will continue our efforts toward developing Rumanian independence. During recent months a new wave of political arrests has swept the country and it seems clear that the Communists are attempting to liquidate the opposition and consolidate their position before final

² See the editorial note, p. 476.

ratification of the treaty. The opposition parties have appealed to the King, to the Council of Foreign Ministers, and to the UN.

For the moment, however, it is not expected that US actions can accomplish more than to retard the present momentum toward the consolidation of Soviet control of Rumania. Nevertheless, continuance of our current policy of active US interest in Rumanian affairs, of which the Rumanians have evidence in our alacrity to protest both nonobservance of commitments and failure to protect US properties, will, we feel, encourage those now in opposition to resist further the Communist attempt to impose total dictatorship on the country and possibly to bring about its eventual political incorporation into the USSR. This policy is buttressed by wide dissemination in Rumania of information material not only concerning this country but also on developments in Rumania itself. The American people should also be fully informed of developments, in order that they can be brought to a full appreciation of US objectives.

b. Economic

1. Finance.

In order to assist the Rumanian Government to make cash purchases of foods urgently needed to avert famine in the early months of 1947, we agreed that should it deposit some \$20,500,000 worth of gold bullion to US account in Switzerland to be held in escrow, we would continue discussions with the British and French to the end that this amount be considered full settlement of Rumania's obligation to return German looted gold. Moreover, pending this settlement we further agreed that the National Bank of Rumania could utilize gold over and above this amount to obtain dollar credits from US banks provided it would certify to its non-German origin. As a result, a credit of \$7,500,000 was opened with Chase National Bank of New York in March for food purchases. In the event the present deposit is accepted as a final settlement, Rumania will receive proceeds on behalf of any countries participating in the settlement; otherwise the gold will be returned to Rumania and the latter will continue to adhere to the principles of the gold declaration of February 22, 1944.

2. Investment. Several months ago representatives of the Rumanian Government indicated through our Mission in Bucharest a desire to explore the possibilities of private investment by US nationals in Rumania, and suggested sending an economic mission to this country. Our representative pointed out that unless the Rumanian Government was first willing to discuss the settlement of existing obligations toward current US investments in Rumania it seemed unlikely that private US investors would be attracted. Now that a settlement of the

looted gold question is pending and the National Bank can offer gold in a third country as collateral, this situation has changed.

In addition to the \$7,500,000 loan which the Rumanians successfully negotiated with the Chase National Bank, a further credit of \$50,000,000 is presently under consideration. In line with our policy of not making recommendations on private loans, we have told the Chase Bank we have no objection. In this particular case the US Government was reluctant to undertake any responsibilities that it was not prepared to discharge. Should it develop that no satisfaction is obtainable as regards discrimination against US interests in Rumania, consideration may be given to reviewing our hands-off policy regarding private loans to areas in which previous US investments are being unfairly treated.

3. *Commercial and General Economic Relations.* The coming into force of a peace treaty with Rumania will provide a basis for regularizing Rumania's economic relations with the rest of the world, which it is hoped will reduce the USSR's preeminent position in Rumanian economic life established through the presence of its occupation forces and the administration of the economic clauses of the armistice. We are presently engaged in elaborating a program for implementing in the most effective possible manner the treaty clauses having a bearing on Rumania's foreign economic relations. Our policy will aim particularly at securing fulfillment of the treaty provisions requiring Rumania to accord most-favored-nation treatment to those countries granting the same treatment to Rumania, and will seek to assist by appropriate methods in reconstructing Rumanian commercial relations on a multilateral basis. Such a policy will have application both to the administration of the joint Soviet-Rumanian companies and to Rumania's foreign trade relations.

4. *Petroleum.* Our foreign oil policy is mainly directed to (1) assuring petroleum supplies and accessible markets to the nationals of all countries on a competitive and nondiscriminatory basis; (2) respect for valid concession contracts and lawfully acquired rights and the principle of equal opportunity in the acquisition of exploration and development rights; and (3) protection of the interests of producing countries with a view to their economic advancement.

The principal petroleum problems in Rumania arise from Soviet occupation policies. Shortly after their entry into the country, Soviet military authorities removed a substantial quantity of oil equipment from the warehouses of Romano-Americana, the Rumanian subsidiary of the Standard Oil Company of New Jersey. These removals were

discussed at Potsdam, and the resulting protocol³ provided for an American-Soviet Commission in Rumania to investigate the facts, examine the documents, and settle the questions involved in the equipment removals. The Soviet member of the Commission has been arbitrary and uncooperative with the result that the Commission has never really functioned effectively or resolved any of the points at issue.

The US member therefore was instructed in April 1946 to submit a report to the Commission, reciting the Commission's terms of reference, outlining pertinent developments, and stating that in the US view the Commission's work was completed unless the Soviet Representative could submit evidence refuting US ownership of the equipment removed. In the absence of any response from the Soviet Representative despite the lapse of several months, we now intend to give the Soviet member a specified time to accept the US report or present factual evidence in rebuttal. Failing action by the Russians we would then propose to consider the Commission's work finished and reopen the question on the diplomatic level.⁴

The reparation deliveries in petroleum to the USSR, the requirements of the Soviet occupational forces, and the exports to the USSR under the Soviet-Rumanian Trade Agreement are a heavy burden on the petroleum industry. Practically the entire output of the US-owned oil companies in Rumania is delivered for these purposes and for the account of the Rumanian Government at very low Government-controlled prices. In general these prices have been below production costs, which has made it necessary for the companies to borrow substantial sums from the National Bank in order to meet operating expenses. The indebtedness of the companies to the National Bank has reached considerable proportions and is a source of concern in view of present uncertain conditions in Rumania. A nationalized bank may result in some type of control by the Bank of the US-owned oil companies. In addition to the low price paid for petroleum and petroleum products in comparison with world market prices, the Rumanian Government

³ The reference here is to the decision on oil equipment in Rumania, included as Part XIV of the Protocol of the Proceedings of the Berlin Conference, August 1, 1945, *Foreign Relations*, The Conference of Berlin (The Potsdam Conference), 1945, vol II, p. 1496.

⁴ At the conclusion of the ninth meeting of the United States-Soviet Oil Commission in Rumania on June 12, the United States members announced that they would consider the Commission terminated as of that date. This action, taken in accordance with instructions from the United States Government, resulted from the feeling that the continued existence of the Commission would serve no useful purpose. On July 21, the Embassy in Moscow presented to the Soviet Foreign Ministry a protest concerning the failure of the Commission to reach a settlement on the removal by Soviet forces of oil equipment from Romano-Americana. The substance of the protest was contained in a statement issued by the Department of State to the press on July 21; see Department of State *Bulletin*, August 3, 1947, p. 225.

is not making such payments promptly, thus accentuating the financial difficulties of the U.S. companies. The companies have in vain sought permission from the Rumanian Government to export part of their production in order to procure foreign exchange needed to purchase operating supplies and equipment and to service their investment. The US Mission in Bucharest has continually brought these conditions to the attention of the Rumanian Government requesting they be remedied. To date these efforts have met with little success.

In addition to such difficulties, the joint Rumanian-Soviet Oil Company (Sovrompetrol) represents a medium through which the Soviet Government can exercise undue influence, unfavorable to all petroleum interests in Rumania and to US nationals, on petroleum policies of the Rumanian Government. In violation of the 1942 Rumanian Mining Law, the Rumanian Government has granted Sovrompetrol the status of a "domestic" enterprise, which places the latter in a preferred position relative to other foreign firms. Our Mission in Bucharest recently protested ⁵ the preferential treatment accorded Sovrompetrol by the Rumanian Government as a violation of Rumanian law and of the most-favored-nation principle of Article 31 of the recently signed peace treaty. Recent events in Rumania, chiefly the Soviet-Rumanian Commercial Agreement and the new government controls over industry in the Act of April 5, strengthen the evidence that it is the Soviet intention to utilize Sovrompetrol and through it the Rumanian Government to prejudice and possibly destroy the position of other foreign petroleum interests in Rumania (including US) even though for the moment the petroleum industry is exempted from the Act. We further pointed out to the Rumanian Government that despite our protests it had repeatedly failed to relieve the acute financial conditions of the US companies resulting from inadequate prices paid for oil, had not granted oil exploration concessions to these companies, and had refused to permit them to export part of their production. The Government was requested to give assurances that US petroleum interests would in the future receive most-favored-nation treatment and opportunity equal to that accorded Sovrompetrol.

Although the petroleum industry has not been affected by the April 5 law for the reorganization of the National Economic Ministry, which envisages far-reaching government controls over other industries, there remains considerable doubt whether Rumania will give recognition to the US foreign oil policy objectives as set forth above or agree to a satisfactory solution of the problems now faced by the US-owned

⁵ The protest was set forth in a note of March 15, from Representative Berry to the Rumanian Foreign Minister. A copy of the note was included as an enclosure to despatch 1437, March 17, from Bucharest, neither printed (871.6363/-3-1747).

companies. The outlook for our oil interests in Rumania is uncertain at best.

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871.00/5-2647

The Second Secretary of the British Embassy (Solly-Flood) to the Acting Chief of the Division of Southern European Affairs (Barbour)

CONFIDENTIAL

WASHINGTON, 26 May, 1947.

Ref: 266/38/47

MY DEAR WALLY: The Foreign Office are becoming increasingly concerned about the persecution of the Opposition in Roumania and about the wide-scale, indiscriminate arrests which have been taking place.

The Foreign Office are of the opinion that if the United States Government and His Majesty's Government remain silent on this issue the Communists may be encouraged to go still further in complete disregard of Article 3 of the Peace Treaty, and as a result, the non-Communists in the Government as well as the Opposition parties may throw up the sponge. The Foreign Office are therefore inclined (*a*) to instruct Mr. Holman to make it clear in government circles, and indeed as widely as he can, that His Majesty's Government are alive to what is afoot and are not in a mood to remain silent about arbitrary arrests, either now or after the treaty has been ratified, (*b*) to give the facts as we know them to the press, including a description of the conditions in which the arrested men are being detained, (*c*) to inspire a further question on the subject in Parliament, (*d*) to ensure that this publicity is given full weight on the B.B.C. transmissions to Roumania, (*e*) possibly also to send for the Roumanian Political Representative and to tell him in forthright terms how ill an effect these measures of the Roumanian Government are bound to have on the attitude of British public opinion towards Roumania.

Once the Treaty has been ratified the Foreign Office foresee that frequent reference will have to be made to Article 3 and they think that there is much to be said for establishing straight away the interest which His Majesty's Government and the United States Government intend to maintain in seeing it implemented. The Foreign Office would be grateful for your observations on these proposals, and they also wish to know whether you would be prepared to take action on similar lines.

Yours very sincerely

P. SOLLY-FLOOD

[At its meeting on June 9, the Secretary of State's Staff Committee considered possible measures to protest political persecution in the Balkans and the use, in that connection, of recognition as a diplomatic weapon. For the minutes of this meeting, see page 163.]

[On the occasion of his signing of the instruments of ratification of the treaties of peace with Bulgaria, Hungary, and Rumania on June 14, President Truman issued a statement expressing his regret that the commitments undertaken by the United States, the United Kingdom, and the Soviet Union at the Crimea Conference remained unfulfilled in Bugaria, Hungary, and Rumania. For the text of the statement, see Department of State *Bulletin*, June 22, 1947, page 1214.]

874.4016/6-1447 : Telegram

The Acting Representative in Rumania (Melbourne) to the Secretary of State

SECRET URGENT

BUCHAREST, June 14, 1947—3 p. m.

517. Soviet civilians apparently here to stay, influx continuing. Greatest increase has been noticeable in past year. These civilians divide into three categories:

(1) Top men and technicians in joint Soviet and Rumanian business enterprises aimed at integrating Rumanian economy with Soviets (2) secret police of various types controlling political and security situation. (See Mistel 312 of April 15¹). (3) Civilians performing auxiliary services for Soviet Army formerly done by troops. It is impossible to estimate exact number of civilians but guess would be 20 to 40,000 concentrated in urban areas of Constanza, Buda, Galatz, Braila, Craiova, Brasov and Calarasi. Military Attaché designate estimates total number Soviet troops in Rumania at 75,000. All civilians bring families, keep together and avoid contact with Rumanians and foreigners. No attempt at disguise made as many wear Soviet military decorations on distinctive badly cut civilian suits. Local attitude is passive as there is little or no contact with Soviet civilians, Soviets acting through Russian [*Rumanian?*] counterparts. Attitude of local population is latently hostile with Soviets making every effort to avoid friction (reference Deptel 329 June 4¹).

Constanza is center of activities. Estimate there are 30,000 troops and 4,000 civilians in Constanza area which is troop replacement and reparation shipping center. Number in rest of Dobrudja unestimated.

¹ Not printed.

At least 36 primary schools in Constanza and many recreational facilities. There is heavy buying and requisitioning of foodstuffs by Soviet authorities in addition to large-scale requisitioning of housing.

The over-all plan appears to be: Tight control of Rumanian economy, participation in major industries, and maintenance of security police force of type found in Soviet Union for control of political situation in Rumania. The number of Soviet civilians is believed by observers as certain to increase with mounting evidence of long stay in Rumania. It is felt on basis of evidence by this Mission and US Military Mission that Soviets plan to secure dominance in Dobrudja looking toward eventual annexation.

The Soviet authorities are very interested in and keep close check on all known Armenians and White Russians. Some are used for Communist propaganda or activities. Ten skilled technicians have been forcibly repatriated and a number of Armenians and White Russians have been voluntarily repatriated. Others are allowed to remain here apparently after being cleared by security agents and if not dangerous to Communists.

MELBOURNE

871.00/5-2647

The Acting Chief of the Division of Southern European Affairs (Barbour) to the Second Secretary of the British Embassy (Solly-Flood)

SECRET

WASHINGTON, June 16, 1947.

MY DEAR PETER: With reference to your letter of May 26, 1947¹ requesting our views on suggestions by your Foreign Office as to desirable action by the US and UK Governments in connection with the intensified persecution of the political opposition in Rumania, we now propose that a communication along the lines of the text quoted below be addressed by the Acting US Political Representative to the Rumanian Minister for Foreign Affairs in this connection. We have requested the comments of our Embassies in Moscow² and London³ on this course and will appreciate an indication of the Foreign Office's reaction, with particular reference to the Foreign Office's disposition to instruct the British Representative in Bucharest to take parallel

¹ *Ante*, p. 488.

² Telegram 2171, June 16, from Moscow, not printed, stated that it was desirable to keep the American record straight on Rumania but believed that nothing further could be expected from the protest in the absence of sanctions (871.00/6-1647).

³ See telegram 3298, June 17, from London, *infra*.

action.⁴ It would be our intention to publish the text of our communication shortly after delivery. I may add that we are now suggesting this formal action instead of the informal approach which the Foreign Office originally had in mind, in as much as we feel that intervening developments have now made formal action desirable, at least for purposes of record.

[Here follows the proposed text of the note to the Rumanian Foreign Minister which was subsequently delivered on June 24. See the editorial note, page 492.]

Sincerely yours,

WALWORTH BARBOUR

⁴ The British Embassy subsequently informed the Department that the Foreign Office agreed with the proposed American representations and that parallel British action would be undertaken.

S71.00/6-1747 : Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

SECRET URGENT

LONDON, June 17, 1947—noon.

3298. Deptel 351, June 14 to Bucharest, repeated London 2570, Moscow 1322.¹ Embassy feels that parallel and identic approaches by UK and US Governments on matters such as these are not essential so long as both governments register their objections to Soviet manipulations and it is clear UK and US Governments are in harmony.

Although protests of this sort are invariably rejected by rebuff, refutation, or counter-charges, such slights should be overlooked by US and UK governments as the mere fact that the two governments have made the protests is registered in the forum of world public opinion. Even more important is the effect that our championship, with the British, of the rights of the people acts as a stimulus to those elements within the countries behind the iron curtain, and either stiffens their resistance or prevents their collapse in face of Soviet tactics.

Embassy therefore believes that such protests serve a useful purpose and an essential one in giving backbone to the real democratic elements in the Soviet-controlled countries.

Sent Department, repeated Bucharest 15 and Moscow 215.

GALLMAN

¹ Not printed; it transmitted the text of the proposed American note to the Rumanian Government protesting intensified persecution of the political opposition. Regarding that note, which was delivered on June 24, see the editorial note, *infra*.

Editorial Notes

On June 24, Acting Representative Melbourne delivered to the Rumanian Foreign Ministry a note setting forth the serious concern of the United States Government over the drastic deprivation of civil liberties to which the Rumanian people were being subjected, in particular the arbitrary arrest and detention of hundreds of opposition party and non-party persons. The note called attention to the provision of article 3 of the Peace Treaty with Rumania, whereby Rumania undertook to secure to all persons under its jurisdiction fundamental freedoms. On June 25, a similar note was addressed to the Rumanian Government by the British Political Representative in Rumania. In a note to Acting Representative Melbourne dated July 12, Rumanian Foreign Minister Gheorghe Tatarescu stated that his government could not accept as valid the legal grounds for the intervention of the United States as provided for under the Peace Treaty. Tatarescu stated that his government was unable to take into consideration those observations and recommendations which would constitute acts of interference in its internal policy and could not accept the American note. A similar reply was sent to the British Political Representative at the same time. On August 6, Acting Representative Melbourne delivered a further communication to Foreign Minister Tatarescu setting forth the United States Government's rejection of the interpretation of the Rumanian Government of the rights of the United States under the Peace Treaty and of the allegation of unwarranted intervention into Rumanian internal affairs. In an earlier reply (July 21) the British Government had also rejected the Rumanian Government's interpretation of the rights of the Allied Governments under the Peace Treaty and had stated that the United Kingdom Government would oppose Rumanian admission to the United Nations until Rumania was willing to fulfill its treaty obligations. For the texts of Melbourne's note of June 24, Tatarescu's reply of July 12, and Melbourne's further note of August 6, see Department of State *Bulletin*, July 6, 1947, page 39, August 17, 1947, page 330, and August 17, 1947, page 329, respectively.

At his press conference on July 23, the Secretary of State issued a statement regarding the nomination of Rudolph E. Schoenfeld to be Minister to Rumania. The Secretary's statement made clear that the nomination did not imply that the United States Government condoned the actions of the Rumanian Government in denying funda-

mental freedoms to the Rumanian people. For the text of the statement, see Department of State *Bulletin*, August 3, 1947, page 229. The Senate confirmed Schoenfeld's nomination on July 29.

On August 6, the Department of State issued to the press a statement regarding the continuing suppression of civil liberties in Rumania, culminating in the arrest of Juliu Maniu on July 14, and the suppression by the Rumanian Government of the National Peasant Party of which he was the President. The statement paid tribute to Maniu's attachment to democratic ideals and his struggle for civil liberties. For the text of the statement, see Department of State *Bulletin*, August 17, 1947, page 329.

871.001 Carol II/9-1947: Telegram

*The Acting Secretary of State to the Embassy in Portugal*¹

SECRET

WASHINGTON, October 9, 1947—6 p. m.

755. In conversation with Asst Sec Armour and Ambassador Pawley in Rio, Aug 24, 1947, ex-King Carol stated urgent desire depart Brazil because (1) climate seriously detrimental wife's² health and own (2) cost of living there too great for his remaining resources.

Carol expressed preference proceed Portugal. Characterized as malicious slander suggestion that he would permit self to be used by Sovs as tool against son Michael. Said he had reluctantly left Michael in Rumania because both felt it latter's duty to "keep flag flying" and he believed subsequent events had justified this decision since Michael is virtually only remaining obstacle to complete Sov domination of country. Carol categorically denied any dealings with Sovs. Stated assurance that if permitted proceed Portugal he planned live quietly somewhere in the country and had no intention entering into politics in any way.

While Carol obviously entitled expect no special consideration etc from Am Reps (urtel 753, Sept 19³) impossible disregard his political potentialities and consequently info his movements and intentions sufficient import warrant Embassy attention.

LOVETT

¹ This telegram was repeated to Bucharest as 611, to London as 4355, and to Rio de Janeiro as 1157.

² Ex-King Carol married Magda Lupescu in July 1947.

³ Not printed.

871.6363/9-347 : Telegram

The Acting Secretary of State to the Legation in Rumania

SECRET

WASHINGTON, October 14, 1947—7 p. m.

623. Urdesp 1730 Sep 3, 1947¹ and related despatches. Dept desires to press with all available diplomatic and legal means complete restoration and continued maintenance in maximum possible force this and other interests constituting US economic outposts in Rumania. In principle Dept therefore will not entertain any thought of compensation in lieu of specific performance, or await fruition damage claims, until all other channels are foreclosed. With view deriving full benefit treaty provisions and early recourse forums provided in treaty, Dept is prepared assert that any action effected, instigated, condoned or tolerated by responsible Rumanian Govt officials constituting substantial diminution full rights, interests and property enjoyed by companies Sep 1, 1939 tantamount in present circumstances to failure observe treaty obligations in good faith as well as otherwise indefensible. Apart from general international violation Dept's view is such action constitutes immediate treaty violation, particularly Art 24. Furthermore, to extent same or any similar action has purpose or effect of placing American interests at disadvantage relative to Soviet or other comparable interests it is discrimination in sense Art 31. Dept's interpretation treaty is that restoration of American legal rights, interests and property implies obligation do so in good faith and not merely formally or illusorily or with calculation or intent to evade, destroy, impair or render nugatory by devices or stratagems. In this connection six month period provided in Art 24, Par 2, if otherwise relevant is inapplicable and treaty violation deemed immediate where clear that compliance at end six months already rendered impossible or frustrated by action of foregoing character and clear that intention exists not to comply in good faith.

Action under Art 32 preferable to Art 38 this and similar cases since latter provides additional opportunity delay in requirement presentation to three heads of mission, but steps under Art 38 should also be taken concurrently in due course where indicated.

Where at all feasible, you should currently collect evidence usable in negotiations Rumanian Govt or subsequent international tribunal showing governmental intention since Armistice to evade obligation to restore American rights, interests and property, in good faith or to discriminate against them (such as admission responsible Govt official that Govt is behind communist trade union attacks on American Com-

¹ Not printed; it was concerned with status of American petroleum property interests in Rumania (871.6363/9-347).

pany personnel, etc.). Such evidence needed to strengthen allegation treaty violation as distinct from violations general international law outside scope treaty and therefore not cognizable by tribunals provided by treaty. Keep Dept informed such information.

Pending further instructions you are authorized assert Rumanian authorities Dept's view regarding treaty violation in premises on appropriate occasions.

Officials Romano-Americana here now preparing full documented statement of facts regarding rights Sep 1, 1939, and current frustration thereof as well as discrimination. When case completed Dept desires expeditious presentation along foregoing lines to Rumanian Govt and if rejected or not acted upon favorably in minimum reasonable period, then presentation as dispute under Treaty Art 32 with view press Rumanian Govt appoint conciliation commissioner.²

LOVETT

² For additional documentation regarding the efforts of the United States to assure the implementation of the Treaty of Peace with Rumania, see pp. 1 ff.

S71.00/10-1347 : Telegram

*The Acting Secretary of State to the Embassy in the
United Kingdom*¹

SECRET

WASHINGTON, October 17, 1947—6 p. m.

4485. Leg Bucharest reports trial Maniu et al now scheduled begin Nov 2.

US position concerning Rum Govt's prosecution Maniu, National Peasant and other Opposition leaders has been made public (Deptel 458 to Bucharest rptd London 3258 Jul 30² and previous) and Brit attitude similarly announced. There would seem to be little US and Britain can usefully add to those statements at this time. However, continued silence on our part after trial commences might well be interpreted both here and in Eastern Europe as implying US and Brit acknowledgment, on basis Petkov case, impotence that area and abandonment democratic elements which look to West for encouragement. In addition, it seems clear that failure take some action in defense of Maniu, whose trial so closely follows entry into force of peace treaty, would be taken to presage US and Brit conclusion that no useful purpose will be served in endeavoring to utilize treaty human rights provisions on behalf peoples ex-satellites.

¹ This telegram was repeated to Moscow as 1852 and to Bucharest as 633.

² The reference here is to a telegram containing the text of a note which was subsequently delivered to the Rumanian Foreign Minister by Acting Representative Melbourne on August 6. Regarding that note, see the editorial note, p. 492.

We believe that, despite obvious unlikelihood that material improvement situation can be achieved in Rum under present conditions, it is desirable, at least as a manifestation of our continued interest, that we exhaust the possibilities of the treaty machinery. We feel that as a first step we should demand, as we understand the US Leg has already undertaken to do, that full provision be made for US observers at the trials. Refusal permit observation would obviously constitute violation rights Chiefs of Mission under Art 37 (3) of treaty. On the other hand, if observation allowed, as seems likely from Bucharest's 51 Oct 11,³ trial and conviction on specious charges will violate Art 3. In either case we would make direct representations Rum Govt and, upon latter's rejection our position, handle matter as dispute accordance Art 38, following through against Soviet obstruction in effort obtain condemnation of Rum action by controlling decision of commissioner appointed by UN Sec Gen.

Please discuss foregoing Brit FonOff indicating we will appreciate expression Brit thoughts in matter. Comments Leg Bucharest, after consultation Brit colleague, and of Emb Moscow, also desired.

LOVETT

³ Not printed.

871.00/10-2047 : Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

SECRET

LONDON, October 20, 1947—5 p. m.

5609. Watson assistant head Southern Department Foreign Office gave us following preliminary views concerning Department's telegram 4485, October 17 re Maniu's trial. Watson said these views could be taken as Under Secretary Warner's thoughts.

Watson said Foreign Office in full agreement that we should press for observers at Maniu trial. He said, however, that Foreign Office thought State Department was inclined to Foreign Office's view that, relative to legal right under Article 37 Rumanian peace treaty, our right to act independently of Russians debatable.

According to Watson, Foreign Office feels Article 38 of treaty should be used in first instance in a firm practical case where award of arbitrator would be specific: that is, a case of reparations to Greece, oil properties, etc., and secondly in more doubtful case such as right to inspect frontier or to send observers to trial. Foreign Office is doubtful of wisdom of using Article 38 machinery for purpose of securing moral condemnation of Rumanian Government for violating human rights article when such condemnation, because of periods provided for various steps, would be at least three months late and unenforceable.

Foreign Office feels however that full publicity, such as in Petkov case,¹ should be utilized. Foreign Office feels that publicity in Petkov case was very effective and Watson stated that, according to most confidential report reaching Foreign Office, official of Rumanian Embassy here indicated, in light of bad impression resulting from Petkov publicity, Rumanian Government might find it inadvisable to execute Maniu.

Watson said if Department feels strongly on foregoing matter, Howe [apparent garble] Foreign Office will consider its position further.

Sent Department 5609, repeated Bucharest 43; Moscow 302.

GALLMAN

¹ For documentation on the efforts of the United States to secure the postponement of the trial of Nikola Petkov, the leading Bulgarian opposition leader accused of an anti-state conspiracy, and subsequently, to secure some revision in the death penalty imposed on Petkov, see pp. 159-183 *passim*.

871.001 Carol II/10-2247: Telegram

*The Acting Secretary of State to the Embassy in Portugal*¹

SECRET

WASHINGTON, October 22, 1947—6 p. m.

785. Brit Emb states Brit FonOff has received details from reliable source of correspondence between a Rum Communist leader and ex-King Carol "which has almost convinced Carol it is his duty to return to Bucharest and that no harm will befall him or his son as a result". FonOff understands both Carol's wife and Urdarianu² are urging him to this course.³

Brit Amb Lisbon has been instructed to approach Dr. Salazar,⁴ informing latter of this new evidence Carol's intentions which has come to light since Portuguese consulted Brit Govt prior to Carol's admission Portugal and, in stressing importance of frustrating this Communist maneuver, to ask that all possible steps be taken to prevent Carol from leaving Portugal.

¹ This telegram was repeated to London as 4523, to Moscow as 1875, and to Bucharest as 639.

² Jon Urdareanu, Court Chamberlain to ex-King Carol.

³ The British Embassy communication, dated October 20, not printed, which served as a basis for this telegram, added that the Foreign Office felt that King Michael had shown great courage and skill in dealing with a very difficult situation and that it was the monarchy which was the main obstacle to the complete communization of Rumania. Carol's return to Rumania, in collusion with the Communists, was viewed as designed to discredit the monarchy and get rid of King Michael (871.001 Carol II/10-2047).

⁴ Dr. Antonio de Oliveira Salazar, Portuguese Prime Minister and Minister for Foreign Affairs.

US Govt interposed no objection Carol's proceeding to Portugal on basis assurances to Asst Secretary Armour in Rio in August when Carol characterized suggestion that he would permit himself to be used by Soviets as tool against son Michael as malicious slander (Deptel 755, Oct 9). In circumstances, suggest that after consulting your Brit colleague as to extent knowledge alleged project which should be disclosed to Carol, you take appropriate occasion to remind Carol his statement to Mr. Armour and, unless you perceive objection, as soon as Brit Amb has made representations to Dr. Salazar, you inform FonOff US Govt supports Brit position.

LOVETT

871.00/10-2347: Telegram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

SECRET

Moscow, October 23, 1947—3 p. m.

3086. Subject is Maniu trial (Deptel October 17, 6 p.m. to London; repeated Moscow 1852 and Bucharest.¹)

Although Embassy is not in any position to express opinion as to what constitutes in this connection optimum use of provisions Rumanian peace treaty (London's 5609 October 21 [20] to Department; repeated Bucharest 43, Moscow 302) we can see no patent reasons why at this late date US should cease to employ whatever means are available to support democratic remnants in Rumania.

Despite probability that they will prove ineffectual, human rights provisions of satellite peace treaties were presumably conceived for just such a contingency as the present one and failure at least to attempt to implement them coupled with what would appear to be a sudden loss of interest on our part might well open wide the door to misinterpretations.

Embassy believes that it is in nature of aggressive dynamic political operation directed by Kremlin not to slacken efforts in face of diminishing resistance but rather to increase its pressure. Although US and British resistance to Soviet aggression in satellite areas has been at best a defensive operation, it would seem to have had a retarding effect and it certainly has had the virtue of consistency. In the circumstances these objectives, limited though they may be, worthy of continued effort.

Department please pass Bucharest as 19, London as 334.

DURBROW

¹ *Ante*, p. 495.

871.00/10-2347 : Telegram

*The Minister in Rumania (Schoenfeld)*¹ to the Secretary of State

CONFIDENTIAL URGENT BUCHAREST, October 23, 1947—7 p. m.

81. In a general conversation with Foreign Minister Tatarescu yesterday he said he thought tension in our general international situation had never seemed greater.

We discussed phrase in the King's recent speech when opening Parliament on intended treaties of friendship, commerce and mutual assistance. He said Rumanian Government would make such treaties with all its neighbors, Bulgaria, Yugoslavia, Czechoslovakia, Hungary, Poland and of course Soviet Union. He also planned cultural agreement with France and later hoped to negotiate economic agreements with western powers. No precise schedule had been worked out.

As for imminent visit to Prague of General Lascar, Rumanian Minister of War, he said this was not related to such plans and had no special significance. It was return visit of an earlier visit from Czechoslovak military delegation and would be occasion for little more than bestowing decorations.

As regarded Rumania's foreign relations, his party (Liberal) had entered the government on understanding there should be neither "exclusiveness" nor "isolation". Rumania was obliged to pursue a policy of friendship with Soviet Union but it was also of vital importance for it to have economic relations with the west. It was a small country and could not get along alone.

I said in circumstances I was puzzled by difficulties put in way of American business interests here and referred to our as yet unanswered notes of August 17 and September 2 on the subject.² Tatarescu said he had the matter very much in mind and hoped to answer soon.

He said he realized how difficult present situation was and he wanted to do away with existing unnecessary irritations. He hoped to bring about return to original agreement between his party and government and could tell me in strict confidence that if he did not succeed he planned to leave the government. This might happen within 2 or 3 weeks.

He went on to say he regretted current atmosphere at Lake Success. He wondered whether Russia might have plan to leave UN. He had no information to that effect and was in fact inclined to doubt it.

¹ On September 25, Minister Rudolf E. Schoenfeld presented his credentials to King Mihai and assumed charge of the Legation in Rumania.

² The notes referred to here are not printed.

Turning to question of Rumania's admittance to membership in UN he said he thought we had made a mistake in opposing it.³ It would be advantageous if Rumania had opportunity to speak for itself and be in touch with western world. I asked whether he did not feel there were grounds for doubt whether Rumania was free to meet obligations of the Charter. He did not attempt to deny this but said he thought if Rumanian representatives could be brought into contact with outside world this would outweigh the disadvantages.

He recognized difficult atmosphere at the moment caused by problems faced by foreign business here, the polemics in the press, the establishment of the "Cominform"⁴ and the Maniu trial and said he hoped to bring about improvement.

I observed re his reference to the Maniu affair that he doubtless realized how deep an impression it had made in the US. I inquired when trial would take place. He said probably within 2 weeks and added there was no likelihood of condemning Maniu to death.

Mr. Tatarescu's conversation was free and unforced despite controversial character of topics touched upon. He doubtless would like to achieve policy of better relations with both east and west but the adverse tides here are running so strongly at present that he has little influence and I believe any decision as to leaving the government is likely to be more the latter's than his own.⁵

SCHOENFELD

³ On August 18 and 21 and again on September 29, 30, and October 1, the United Nations Security Council considered Rumania's application for membership in the United Nations. In each case, Rumania failed to be recommended for membership by the Security Council. See documentation on United States policy regarding the question of admittance of new members into the United Nations in volume I.

⁴ On October 5, the Communist parties of nine European countries announced the establishment of a Communist Information Bureau (Cominform). For documentation regarding the establishment of the Cominform, see pp. 594-616 *passim*.

⁵ On November 5, the Rumanian Parliament adopted a motion of nonconfidence in Foreign Minister Tatarescu as a result of the alleged complicity of the Foreign Ministry in treasonous and conspiratorial activities. Tatarescu was removed as Foreign Minister the following day.

871.001 Mihai/10-2747: Telegram

The Chargé in Greece (Keeley) to the Secretary of State

TOP SECRET URGENT

ATHENS, October 27, 1947—7 p. m.

1851. King asked me to come to see him today and expressed his anxiety over potentialities of fate in store for his sister and King Mihael of Rumania. His Majesty referred to disquieting message received from his sister last month via Congressman Lodge and said that more alarming information has just come to him via Minister Interior Mavromichalis who saw Queen Mother last week in Switzer-

land where Rumanian Government permitted her to go after refusing permission for her to visit Greece, although such permission had previously been given for two trips: one for funeral of George, Second, in April and one for marriage of Princess Catharine in May. Queen Helen told Mavromichalis their situation going from bad to worse (circinfo airgram September 23, 2 p.m.¹) with denouement perhaps to be expected at any moment. They have no inkling of what may happen to them but believe anything possible such as their liquidation by poison, their arrest and exile to unknown fate in Siberia, or other worse end.

King Paul says that he cannot at this distance judge how serious royal family situation may be or how long Mihael may feel he can usefully remain. Paul wonders, however, whether if time and occasion permit when denouement finally comes royal family could be given asylum in US Legation. He believes we are only nation likely to be able to save his sister and nephew in event Soviet-dominated Rumanian Government gets tough with them but he is realistic enough to realize that even we might not be able to save them short of war and perhaps not even then if Soviets decide to liquidate them. Paul believes Bulgarian Government's permission for Bulgarian Queen Mother and infant King to go to Egypt is no reassuring precedent as that was before Soviets began to get tough and was moreover due he thinks to Dimitroff's² personal gratitude to late King Boris for his support of Dimitroff during Reichstag fire trial.

His Majesty asked me to bring his anxiety to attention American Government in hope some helpful instructions could be sent to our mission at Bucharest to cover possible eventualities. Any reassuring message that Department can give me for His Majesty would be much appreciated by him and the other relatives here.

KEELEY

¹ Not printed.

² Georgi Dimitrov, Bulgarian Prime Minister.

871.001 Mihai/10-2747 : Telegram

*The Acting Secretary of State to the Embassy in Greece*¹

TOP SECRET

WASHINGTON, October 30, 1947—6 p. m.

1768. Urtel 1851, Oct 27. You may in your discretion reply along following lines King Paul's inquiry re possibility of extension sanctuary to Rumanian royal family by Leg Bucharest:

US Govt is keenly aware precarious situation of King Michael and Queen Mother in present circumstances. This Govt is also mindful

¹ Repeated to Bucharest as telegram 656.

outstanding service to Allied cause rendered by Michael in directing *coup d'état* of Aug 1944 and his subsequent efforts on behalf democratic principles in Rumania.

The US has not in principle recognized right of asylum and in general this Govt has opposed extension of refuge by its diplomatic and consular representatives to persons outside their official or personal households. Immediate circumstances of a particular case have material bearing on determination any deviation from this rule for humanitarian reasons. Since circumstances effecting possible recourse Rumanian royal family to Leg Bucharest for sanctuary cannot be wholly foreseen it is not possible to determine in advance what action on part of US Rep would be appropriate and feasible. However, King Paul may be assured eventualities involving physical peril to Rumanian royal family will be matter of real concern to US.

For your confidential information, Dept has been in communication with Legation at Bucharest concerning this matter.

LOVETT

871.00/10-3047: Telegram

*The Secretary of State to the Legation in Rumania*¹

CONFIDENTIAL URGENT WASHINGTON, November 6, 1947—6 p. m.

670. Dept agrees your recommendation (urtel 86, Oct 25²) postpone any statement, representations or recourse Peace Treaty procedures re merits of prosecution National Peasant Party leaders. However, we consider advisable take prompt cognizance those aspects of indictment directed against US (urtels 108 undated; 110, Oct 30 *et seq*³).

Emb London should inform Brit FonOff this proposal with view their taking parallel action in respect to charges against UK. When your Brit colleague has received similar instructions or upon further notification from Dept you are authorized, unless you perceive objection, to transmit FonMin note along following lines:

"I have been directed by my Govt to communicate to you the following:

It has come to the attention of the US Govt that the indictment of the leaders of the National Peasant Party of Rum now on trial includes charges that former representatives of the US in Rum or American members of their missions were implicated in an alleged conspiracy to overthrow the Rum Govt by force and violence. The

¹ This telegram was repeated to London as 4735 and to Moscow as 1124.

² Not printed.

³ None of the messages under reference here is printed: they reported on the trial of Maniu and other National Peasant Party officials which opened on October 29.

Govt of the US has taken note of these accusations, not only as to their substance but also as to their character and as to the manner in which they have been put forward which in itself affords eloquent commentary on their political motivation and insincerity.

The US Govt deems it unnecessary and inappropriate to dignify by specific refutation charges presented in this fashion which falsely insinuate that the Govt of the US through its representatives has advocated or lent support to a contemplated attempt at overturning the Rum Govt by force.

By virtue of US participation in the agreements of Yalta, Potsdam and Moscow and in the exercise of US prerogatives as an Armistice Power, American representatives, for legitimate purposes, have maintained associations with representatives of all significant political elements in Rum. Such associations have been known to all and have properly been questioned by none.

The US has never condoned the unrepresentative character of the present Rum Govt nor the methods by which it attained and has perpetuated its authority. The views and efforts of the US, in conformity with its responsibilities to assist Rum in obtaining a broadly representative Govt responsive to the will of its people, are a matter of public record. So also are the views of the US Govt concerning the denial of human rights and fundamental freedoms to large segments of the Rum population in contravention of international commitments made by the Rum Govt.

The Rum people as well as free people everywhere will know how to assess the kind of implications directed against the Govt of the US which are now brought forward in this devious fashion."

We contemplate publication this note following delivery.⁴

MARSHALL

⁴In response to the views set forth by Minister Schoenfeld in telegram 156, November 8, *infra*, and 161, November 10, from Bucharest, p. 506, the Department transmitted the following supplementary instructions in telegram 676, November 10, to Bucharest, not printed:

"We desire for record take cognizance charges improper activity US officials and believe submission note suggested Deptel 670 best procedure for doing so. You accordingly authorized deliver note subject your discretion as to timing. In view collateral considerations which seem to make it advisable for present play down charges US involvement we will postpone publication for time being at least." (871.00/11-1047)

The note quoted in this telegram, with slight modifications, was eventually delivered to the Rumanian Foreign Ministry on November 14 and was released to the press on November 19; see Department of State *Bulletin*, November 30, 1947, p. 1057.

871.00/11-847: Telegram

The Minister in Rumania (Schoenfeld) to the Secretary of State

CONFIDENTIAL URGENT BUCHAREST, November 8, 1947—11 a. m.

156. While parts of following message re Maniu trial which I was about to send last night when urtel 670, November 6, arrived may now

be outdated, I feel it contains elements that are still of interest, particularly re public statement aspect. I hope to see Holman ¹ shortly on proposed parallel notes to Rumanian Government and shall afterwards submit report on that subject.

It is my view trial of Maniu and Peasant Party leaders should be viewed in perspective of (1) current Communist desire for complete control of Rumania, (2) desire to destroy opposition parties and their symbols and (3) Soviet-inspired campaign to destroy influence of US and in less degree GB and to immobilize our activity in this region.

I feel (1) and (2) could have been accomplished without trial and in fact were largely completed before it began. In last analysis trial in my opinion motivated mainly by campaign against the west, particularly US.

Trial itself may be divided into three parts: (a) actual trial of Maniu as co-defendant on charges of conspiracy against the state and connections with foreign countries (US and UK); (b) charges of improper activities on part of members of US political and military missions; (c) alleged involvement of US military officers (Hall and Hamilton)² as representatives US espionage agencies.

I believe Department has been wise in withholding comment thus far on trial and its implications but suggest that to counter in so far as possible Soviet objective cited under (3) above, Department may shortly wish to issue simple terse statement (perhaps in reply to question in a press conference) to effect that while we desire to await receipt of full facts, we can say at this time that charge of US involvement in secret plot to overthrow Rumanian Government is too synthetic and transparent to merit reply.

We may add something to effect that trial itself bears outer aspect of those political trials rendered classic by Soviet practice and of old technique of accusing others to divert attention from one's own objectives, objectives that in the present instance appear to be designed to sweep away whatever may stand in the way of preventing the fastening upon the country of a foreign supported minority regime. International agreements will be recalled under which US, UK and USSR agreed to set up representative government in Rumania chosen in free and unfettered elections. US Government has repeatedly and publicly proclaimed its position and its views concerning the methods and measures which Soviet Union and Rumanian Government adopted for implementing that commitment and there has been no secret about it.

¹ Adrian Holman, British Minister in Rumania.

² Maj. Thomas Hall and Lt. James Hamilton had been members of the staff of the United States Representation on the Allied Control Commission for Rumania.

As regards (b) the Department may desire to state that Rumanian Government has apparently forgotten that it was under an armistice regime, that US as an occupying power, a member of the ACC and a participant in the foregoing joint engagements, like the UK and Soviet Union, had the obligation to keep itself informed of Rumanian conditions so as to be in a position to carry out its duties and that in doing so its representatives discharged their duties in a thoroughly proper manner.

As regards (c) I believe that since the charge of conspiracy is without substance, it should avoid public reference to activities of Hall and Hamilton as being minor and irrelevant. To do otherwise would dignify matter beyond its importance, give it greater currency and make US appear to be on the defensive. If it should later be necessary to make any statement I believe that should more properly be dealt with by the Department of National Defense. In latter event, I suggest playing it down as inconsequential by pointing out unlikelihood of plan of so fanciful a nature being advanced by two junior officers when US Government was participating in occupation of the country.

On this point it may be advisable for War Department to be cautious at present since our Military, Naval and Air Attachés, though their designation was notified to Rumanian Government more than a month ago, have not yet officially been accepted by Rumanian general staff which under unnecessary provocation might take position they are unwilling to accept any officer who has been associated with US Military Mission during armistice period. This is an extreme assumption but not an impossible one. They have recently cleared British Service Attachés all of whom were previously associated with British Military Mission. But no charge of activities similar to Hall-Hamilton affair has been levelled at them.

While course of Maniu trial thus far presents aspect of a political rather than a judicial trial, I believe time is not yet opportune for any statement on our part regarding merits of trial itself. This is true not only because verdict has not been rendered but because defendants have certain rights of review.

I have discussed publicity angle with Holman, British Minister, whose FonOff has indicated agreement with his view of keeping public sentiments to a minimum until trial is over. He feels British problem is simpler than ours since they have no Hall-Hamilton case. His view is British problem falls under four headings: (1) his contact with Maniu (2) his discussions of political subjects with Maniu (3) alleged use of British official channels for communication with Rumanian *émigrés* (4) alleged involvement in conspiracy against Groza regime. Attack against British is far less intense than against US, attributable perhaps to Soviet feeling Britain is so engaged with its home problems

as to be in phase of partial withdrawal abroad while we constitute greater obstacle to attainment of Soviet objectives.

Holman and I agree in any case on desirability of both governments consulting with view to coordinating their eventual public position concerning trial.

I shall shortly send preliminary report re fairness of trial.³

SCHOENFELD

³ The report referred to here was subsequently transmitted to the Department in telegram 169, November 11, from Bucharest, not printed (871.00/11-1147).

At his press conference on November 12, Secretary of State Marshall was asked for a comment on the Maniu trial which had ended the previous day with the sentencing of Maniu to life imprisonment. The Secretary observed that the trial conformed to the general pattern of all political trials in the area, whose evident purpose was to eliminate all democratic opposition to the Communist-dominated regimes. For the text of the Secretary's statement, see Department of State *Bulletin*, November 23, 1947, p. 995.

871.00/11-1047 : Telegram

The Minister in Rumania (Schoenfeld) to the Secretary of State

SECRET

PRIORITY

BUCHAREST, November 10, 1947—10 a. m.

161. I warmly concur in contents of your proposed note (urtel 670, November 6, 6 p.m.) answering charges in Maniu trial of US involvement in alleged conspiracy to overthrow Rumanian Govt by force but I dissent from proposed method of conveying these views.

I have discussed subject of parallel British action with Holman who is opposed to a British note and prefers his government to meet Rumanian attack on or through a parliamentary statement. He thinks it is particularly important to avoid any sweeping statement until trial is over lest Rumanian Govt confronts us with further documentary revelations. While Holman said he desired to cooperate fully with us he thinks there is a "difference in degree" (Hall-Hamilton angle) in attack against us and in attack against them which may justify a "difference in approach." I feel in present case suggested difference of approach would amount to a cleavage. If British go along, I believe it will be with reluctance and it is my guess they will not. In circumstances I believe if we send a note we shall be alone. I should not mind this if I did not feel a note would be unwise. This is not an effort between governments to reach agreement. It is a propaganda war. Rumanian Govt did not address itself to US Government in its charges but to world opinion and particularly to opinion in Soviet-dominated eastern Europe. I see no reason to address our reply to Rumanian Govt but many reasons for addressing ourselves to the same audience.

I, therefore, favor method proposed in my 156, November 8, 11 a.m., that is, an official statement or answer to a question in press conference.

There is in my opinion no advantage we can get from addressing our views to Rumanian Govt by note that we cannot get by the method of an official statement. Indeed by that method we can reach as wide an audience and get all the advantages we could get from the note method without the latter's disadvantages.

I believe Rumanian Govt would be highly gratified to receive such a note. It would regard this as best proof that campaign had struck home. It would doubtless use opportunity thus afforded by distracting attention from contents of note by some move such as refusal to accept note, putting out some additional fabricated or purloined document or by a reply giving added currency to its views.

I also suggest Dept reassure [*reassess?*] its position in light of appointment on November 7 of Mrs. Ana Pauker as FonMin. As the most fiery Communist and personality closest to Moscow, I believe she would welcome nothing more at the outset of her term of office than opportunity to give the US a resounding rebuff. I hesitate to think of the propaganda possibilities inherent in the fact that she is a woman.

Whether she would go so far as to use it as Mr. Ionitu the King's private secretary intimated (mytel 153, November 7, 7 p.m.¹) [apparent garble] as pretext to break relations, I do not know. Rumors to that effect are current. It is at least advisable to bear in mind that this warning came from a friendly source.

If Rumanian Govt has such an intention, it will doubtless find or create an occasion for implementing it. If we should perhaps not provide it with a ready-made pretext, or if we do, we should do so with our eyes open.

SCHOENFELD

¹ Not printed; it reported that Myrcea Ioanitziu, King Mihai's private secretary, had called upon Minister Schoenfeld to report that Prime Minister Groza had just requested the King to appoint Communist Party leaders Ana Pauker and Vasile Luca to the Cabinet to replace recently resigned Dissident Liberal Party ministers. The King was in a dilemma as to whether to agree, and Ioanitziu asked Schoenfeld if he had any suggestions (871.00/11-747).

871.00/11-2047

*The Rumanian Foreign Minister (Pauker) to the Minister in Rumania (Schoenfeld)*¹

BUCHAREST, November 19, 1947.

MR. MINISTER: Acknowledging receipt of your note of November 14, 1947,² I have the honor to inform you that the Rumanian Government cannot accept the contentions contained in that note.

¹ The source text was transmitted to the Department as enclosure 2 to despatch 104, November 20, from Bucharest, not printed. The translation was prepared by the Legation in Bucharest.

² The reference here is to the note contained in telegram 670, November 6, to Bucharest, p. 502; see footnote 4 thereto.

In conformity with its policy of safeguarding the independence and national sovereignty of the Rumanian State, the Rumanian Government cannot admit that the acts of the courts or constitutional bodies of the Rumanian State shall be the object of discussion or debate with a foreign power.

The accusations contained in the indictment in the trial of the leaders of the former National Peasant Party with respect to the part played by certain former representatives of the United States of America in Rumania or by some of the American members of the United States Missions in preparing for the overthrow by violence of the Rumanian Government and the democratic regime in Rumania originated in statements that were made by the defendants, in documents found in their possession and acknowledged by them, and in acts which were admittedly committed by them.

All of these accusations were shown to be well founded by the public disclosures made at the trial of leaders of the former National Peasant Party.

Attached as it is to the guiding principles of the Yalta, Potsdam and Moscow Agreements, the Rumanian Government cannot consider as legitimate associations and actions of the nature of those established at the trial, actions which were directed against the Government and the democratic regime of Rumania.

The Rumanian Government considers it futile to refute specifically the note's evaluation of the character of the Government which the Rumanian people, inspired by their struggle for liberty, independence and national sovereignty, have elected by a free expression of their own will.

The Rumanian people have, through the voice of their courts of justice, condemned the treasonable action of the leaders of the former National Peasant Party who were in the service of certain foreign interests, and have thereby also condemned the attempts at foreign intervention in the internal affairs of Rumania.

871.001 Mihai/11-2247 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Acting Secretary of State

TOP SECRET

LONDON, November 22, 1947—1 p. m.

URGENT NIACT

6153. Personal for Lovett from Douglas.

1. At King Michael's request, met him and Queen Mother Helen yesterday afternoon.¹ They explained the situation in Rumania as follows:

¹ King Mihai had come to London for the royal wedding of Princess Elizabeth and Prince Philip on November 20.

(a) The Communists had gained control of the important posts in the Cabinet. All members of the Cabinet not clearly members of the Communist Party were completely subservient to the Communist members.

(b) Practically all of their friends and most of the independent professors in universities had been imprisoned.

(c) His power to dissolve the Parliament or to change the government had, in practice, been stripped from him.

(d) Should he return to Rumania, he would, therefore, be required either to sign Communist decrees with which he does not agree, or alternatively, to abdicate. The former he will not do; the latter would mean either death or imprisonment, probably somewhere deep in Russia.

2. I explained to him that he, and he alone, must decide whether to return to his country or to remain away. We recognized the services that he had performed and entertained doubts as to whether in the future he could continue to perform any useful service for his country. We were not urging him to decide either to resume his responsibilities in his country, or to take this opportunity and not to return.²

3. (a) He asked whether he could come to the United States; and

(b) Whether from the United States he could issue a proclamation to his people which he felt was incumbent on him to do. In this connection he expressed doubt that the British would permit him to issue a proclamation from England. He had not, however, seen Bevin, but will do so Monday afternoon at 4 o'clock.

(c) He suggested that he see Secretary Marshall.

4. As to 3 (a), (b) and (c) above, I told him I would explore the matter with Secretary Marshall. Have not discussed this with Secretary Marshall as yet.³

5. It is our judgment, however, that should he leave for the US before issuing a proclamation, his departure would become public knowledge and any proclamation which he might later make from the US would be, during the interim of his trip, invalidated by action taken by Communist Cabinet in Rumania. As a practical matter, therefore, we do not consider it advisable for him to leave England for the US and on his arrival there to issue the proclamation he has in mind. Moreover, we doubt that at this juncture he should use the US as a center for political activities. Accordingly, it seems to us that he should, if he decides not to return to Rumania, make public his proclamation, by press conference or otherwise, while in Europe.

² The statements made here by Ambassador Douglas were in accordance with instructions contained in telegram 4802, November 12, to London, not printed (871.001 Mihai/11-747).

³ Secretary of State Marshall was in London for the Fifth Session of the Council of Foreign Ministers, November 25-December 15. King Mihai did not meet with the Secretary.

As to 3 (a), we see no reason why, after having issued his proclamation from Europe, he should not be granted a visa to visit the US.

As to 3 (c), it is our tentative view that it would be preferable were he to see Marshall after having made his decision either to return or not to return, and after having issued his proclamation.

6. I will see Michael again either late Monday afternoon or sometime Tuesday after he has seen Bevin.

I was very much impressed with the young man, his sense of responsibility, and his attachment to duty. He has a most difficult question to decide. He was obviously determined to do the right thing.

DOUGLAS

871.00/11-2647 : Telegram

*The Acting Secretary of State to the Legation in Rumania*¹

SECRET

WASHINGTON, November 26, 1947—5 p. m.

711. ReDeptel 4485, Oct 17 to London rptd Bucharest 663 and Moscow as 1852 *et seq.* Dept's immediately following telegram² contains text suggested communication for transmission by Leg Bucharest to Rum Foreign Minister re denial fundamental freedoms in Rum with particular reference Maniu conviction subject your comments and final approval by the Secretary.

It will be noted that this suggested note, which it is not proposed to send before conclusion Maniu appeal, reviews history US efforts obtain human rights for Rum people, citing three power obligations under Yalta, Armistice, Moscow Agreement, etc. and calls upon Rum Govt to implement the provisions Rum peace treaty to which it has now become a party. It is our view that initial broad approach this matter will serve as sound basis for such further action toward obtaining Rum compliance Article 3 as circumstances may seem to warrant. Nature further steps this connection will obviously depend upon Rum response this note but, while we consequently reserve final decision for time being, it is our tentative thinking that importance issues involved makes it desirable that we press toward remedy through full exercise treaty disputes machinery.

We hope Brit will be disposed take parallel action and Emb London requested discuss with Fonoff to that end. Comment Bucharest and Moscow will also be appreciated.

LOVETT

¹ This telegram was repeated to London as 4993 and to Moscow as 1983.

² Telegram 712, November 26, to Bucharest, is not printed. For the text of the note under reference here as subsequently revised and transmitted to the Rumanian Foreign Ministry by Minister Schoenfeld on February 2, 1948, see Department of State *Bulletin*, February 15, 1948, p. 216.

871.001 Mihai/11-2847 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Acting Secretary of State

TOP SECRET

LONDON, November 28, 1947—9 p. m.

6247. On November 25 I again saw the King of Rumania and his mother. I repeated to the King my previous statements (Embtel 6153, November 22) that it would be impracticable to issue proclamation to the Rumanian people from the US, firstly because the Rumanian Government would undoubtedly learn of his departure for the US and in all likelihood take immediate action re his personal and official status, and secondly that US Government would not deem it advisable for US soil to be used for issuance of a proclamation. I said again that the only proper and effective locale for him to take such action would be in Europe.

In this general connection, King Michael remarked to Embassy officer that he "sensed" that British Government does not wish him to issue a proclamation here, although he added, he had not made a direct approach. He remarked, incidentally that in his conversation with Bevin he had found latter unhelpful as no advice was offered and little comment made on the exposé that he, the King, had made to the Foreign Secretary.¹

I told Michael that we are well aware of and appreciate the services he has performed during the past 2 or 3 years. I said we felt that he would serve no useful purpose in returning, because of the unconcealed Communist domination of his country and the fact that in recent months his position has been damaged and his power curtailed. I said, however, that we could not urge him [not?] to return and that he would realize that he alone must make the final decision.

The King also asked me whether, if he went back and action was taken against him, we could help him get out and he suggested asylum in the Legation. I said that I did not know what instructions had been sent to US Legation Bucharest in this regard, but I pointed out the geographical location of Rumania and seriously questioned whether we could do anything effective to get him out of the country.

I learned last night that the King planned to leave London today en route to Lausanne and that he had made up his mind to return to Rumania on December 2. Our informant was M. Caranfil,² the Rumanian who is close to the King (see Paris' 4874, November 14 to Depart-

¹ In telegram 6300, December 3, from London, not printed, the Ambassador reported having been informed by a British Foreign Office official that King Mihai had tried to get Foreign Secretary Bevin to say whether he should or should not return to Rumania, but all higher officials in the Foreign Office were agreed that the decision had to be left to Mihai (871.001 Mihai/12-347).

² A former Minister in the Rumanian Government.

ment³), who told us that the King was thoroughly discouraged by his cool reception in British official headquarters and also that given to his overtures to us. I felt that this attitude on his part might lead him at some time, should he decide to return to Rumania, to place the responsibility upon us for his return and any untoward events that might possibly follow. Accordingly, after discussing the matter with Bohlen,⁴ I called upon him again this morning.

I repeated once more to him our appreciation of the services that he had rendered, our grave doubt that he could continue to serve any useful purpose were he to return, but that we could not urge him either to return or to remain away. I did, however, tell him that as a matter of personal advice he should play for time, delay returning for a reasonable period under some plausible pretext, and in the meantime try to obtain a clarification of the situation as it relates to him in his own country.

He replied that he thought this good advice, that it confirmed a conclusion to which he had just this morning arrived and that he would probably send back to Rumania the Marshal of the Court or one of the important members of his suite who would rejoin him in a week or 10 days in Switzerland. He plans to leave by boat for Belgium and by train, avoiding France, for Switzerland.

He asked whether, if developments warranted, he might call on our Minister at Berne. I replied that I thought this might be arranged. Please advise.⁵

DOUGLAS

³ Not printed.

⁴ Charles E. Bohlen, Counselor of the Department of State and a member of the United States Delegation to the London session of the Council of Foreign Ministers.

⁵ Telegram 1674, December 15, to Bern, not printed, instructed that King Mihai, who was sojourning in Switzerland, be informed that the United States still had serious doubts that the King's return to Rumania would serve any useful purpose but was unable to make any further suggestions (871.001 Mihai/12-1547). Telegram 1274, December 17, from Bern, not printed, reported that the King had responded to the message by stating that in the absence of advice from the United States, he would leave for Rumania the following day (871.001 Mihai/12-1747).

On December 30, 1947, following his return to Rumania, King Mihai abdicated. He left Rumania on January 3, 1948.

871.00/12-847 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Acting Secretary of State

SECRET

LONDON, December 8, 1947—6 p. m.

6374. Embassy has received following communication from Foreign Office relative proposed note to Rumanian Government on Human

Rights clause of Peace Treaty (Embtel 6236, November 28, and Deptel 4992, November 26 ¹).

"As we have already told you in person, implications of possible action in Rumania on subject of Human Rights clause of Peace Treaty have been subject of careful consideration here; and I am sorry that our reply to your letter to Watson of 28 November has been so long delayed.²

"We have no comment to offer upon the draft note to Rumanian Government which you were so good as to communicate to us; but I have been asked to let you know that result of our deliberation has been a decision against instructing our Minister to make a protest at present time. Main factors which have led to this decision are that King Michael has not yet returned to Rumania and that it may be wiser to avoid raising any controversial issue in Rumania so long as Council of Foreign Ministers is in session. We entirely agree that there exists state of affairs in Rumania in breach of Rumania's Treaty obligations, and our decision to hold our hand is therefore based on tactical considerations rather than on considerations of principle.

"We observe that your proposed communication to Rumanian Government calls upon that Government to take certain remedial measures. On this particular point, we ourselves, had we considered that the time was ripe for a protest, would have been inclined merely to draw attention of Rumanian Government to existence of a state of affairs in breach of treaty and to avoid any specific request for action. It seems to us that a request for action would go some way towards precipitating a "dispute" in the sense of Article 38 of treaty, and that such a request might therefore set in train the machinery for settlement of a dispute under Articles 37 and 38. We have already discussed with you on various occasions disadvantages of applying this machinery for first time to an "ideological" issue; and you will be aware that, in the note we have recently communicated to Bulgarian Government on the breach of Article 2 of the Bulgarian Treaty (a copy of which is enclosed ³), we have confined ourselves to recording our view that a situation exists in Bulgaria which is in conflict with treaty obligations of Bulgarian Government."

Foregoing has been brought to attention of SecDel,⁴ which has no comments to make at this time.

Sent Department 6374; repeated Bucharest 50.

DOUGLAS

¹ Telegram 4992, November 26, to London, not printed, transmitted the text of the proposed note to the Rumanian Government regarding the denial of fundamental freedoms in Rumania. The note is discussed in telegram 711, November 26, to Bucharest (repeated to London), *ante*. Telegram 6236, November 28, from London, not printed, stated that the British position on the matter would have to be decided upon by Foreign Secretary Bevin (871.00/11-2647, 11-2847).

² The letter under reference, not transmitted to the Department, presumably conveyed the text of the proposed American note to the Rumanian Government.

³ The British note under reference here was not transmitted with the source text.

⁴ The reference here is to the United States Delegation to the Fifth Session of the Council of Foreign Ministers in London, November 25-December 15.

UNION OF SOVIET SOCIALIST REPUBLICS

REPORTS ON DEVELOPMENTS OF SIGNIFICANCE WITHIN THE SOVIET
UNION OF CONCERN TO RELATIONS WITH THE UNITED STATES
AND OTHER COUNTRIES¹

811.42700 (R)/1-1047 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET URGENT

Moscow, January 10, 1947—noon.

55. Deptel 2, January 2, repeated Berlin 4, Munich 3.² I am of the opinion that it would be both unnecessary and undesirable to make a point of informing Soviet Govt of forthcoming inauguration our Russian language broadcasts. It is my understanding that through negotiations re transmission channel frequencies before ACC Berlin, Russians have in fact official knowledge of our intentions. (Deptel 2132, December 12, [1946,] 6 p.m., repeated Berlin 2457, Munich 467³). To make official communication to Soviet authorities here would afford them opening for present or future discussion as well as putting US Govt in position of making unnecessary justification of something which otherwise in light of established European practice may be taken for granted. Soviet Govt has for years made world broadcasts in English language from transmitters originally announced as "radio Comintern" but more recently identified simply as "radio Moscow". As far as Embassy is aware Soviet Govt has never approached us or any other government with respect to its dozens of foreign language radio broadcasts.

Dept might wish to consider probability of gesture similar to that made by British at inauguration of their Russian language broadcasts when they invited Gussev,⁴ the then Soviet Ambassador in London, to say a few words on first program; British, however, did not make any formal notification to Soviet Govt.

¹ Continued from *Foreign Relations*, 1946, vol. VI, pp. 673-817.

² Not printed. Herein the Embassy was informed that the Voice of America broadcasts in the Russian language to the Soviet Union were expected to begin during January. The Embassy was told that in its discretion it could officially inform the Soviet Government of this prospect. (811.42700(R)/12-1146)

³ Not printed; but see telegram 2096 to Moscow on December 6, 1946; *Foreign Relations*, 1946, vol. VI, p. 816.

⁴ Fedor Tarasovich Gusev (Gusyev), Ambassador of the Soviet Union in the United Kingdom, 1943-1946.

I hope Dept will agree with my proposal not to raise question with the Soviet Govt unless a spontaneous opportunity should present itself so to do.

Repeated Berlin as 11, Munich as 1.

SMITH

S61.50/1-1347 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, January 13, 1947—6 p. m.

80. Despite emphasis given in Soviet internal and external propaganda to grave economic difficulties in capitalist world and inevitability of serious capitalist depression, it is becoming clearer each day that Soviet Union is itself undergoing serious economic difficulties. In an effort to stem tide Soviet authorities for past 6 months have, as already reported, introduced several far-reaching if not drastic decrees, latest being decrees on cooperatives and on change in production plans for light industry, both designed to increase production of consumers' goods. These decrees, coupled with earlier ones regarding abuses in collective farms, increase in ration prices, as well as efforts to rekindle ideological enthusiasm, form a definite pattern.

It seems clear authorities in drawing up 5-year plan year ago miscalculated temper and ability of people to accept further sacrifices. Authorities eager to reconvert and reconstruct heavy industry and thus rebuild their military economic potential made minimum provisions for production of consumers' goods. After prewar and wartime sacrifices people expected peace to bring higher standard of living. Disappointment on this score had demoralizing effect which not only seriously affected production of labor but apparently caused peasants to adopt what might be called policy of passive resistance as far as cooperation with govt concerned. While peasants of necessity delivered up amount of products required under procurement plan, they either consumed themselves or diverted to free market considerable amount of their foodstuffs, particularly those produced outside collective farm system, good part of which would ordinarily find its way into govt-controlled channels. This was undoubtedly an important replenishment of stockpiles for external political purposes or simply to build up depleted stocks in general, and was contributing factor to postpone-ment of derationing promises for 1946. Furthermore, on basis first-hand reports considerable amount of grain which should have been properly stored was left in open at collection points or railway stations, causing appreciable losses.

Thus, far-reaching decrees regarding cooperatives and light industry make it clear that authorities realized that in order to obtain cooperation of countryside, as well as increase morale and productivity of workers, it was necessary to revise plan by diverting considerably larger amount of national effort to production of consumers' goods. In other words, amount of consumers' goods had to be increased to make it worth while for peasants and workers to increase their productivity.

Moreover, in order to increase labor supply both for heavy and consumers' goods industry, govt also found it necessary to try to force idle persons into industry by refusing to give rations to certain categories of dependents. For same purpose large number of persons were dismissed from administrative jobs which meant loss of their ration cards unless they seek work in industry.

Because of tremendous amount of work needed for reconversion and reconstruction of economy, authorities, beginning last summer, began to [try?] to remedy situation by introduction or enforcement of disciplinary decrees. Since these were not sufficient by themselves, govt in autumn forced to offer inducements by changing production plans so as to increase amount of consumers' goods in an effort to obtain greater productivity from various sectors of economy. It is interesting to note that despite drastic nature of some of decrees, govt has not resorted to mass punitive methods to attain its goals. It apparently realized that anything resembling purge would reduce number of competent personnel and be so demoralizing as to complicate further already serious economic situation.

Whether these efforts will be successful is still a moot question. Indications from various parts of country confirm that morale is still very low. People feel that things are going to get worse before they can get better, and unless remedial efforts are successful, heavy industrialization plans will have to be further whittled down. These developments, while they do not constitute threat to regime, are of serious nature.

It is possible that one of explanations for less aggressive international attitude taken by Soviet authorities in recent weeks is in part attributable to this situation. In any event, it seems probable that in connection with firm stand taken by US and other nations against further Soviet aggression in Europe and Middle East, Soviet leaders also took internal economic situation into account in their calculations, which apparently convinced them that they had obtained all they could out of situation for moment. They apparently felt, therefore, that because of these and perhaps other factors they would have to adopt more conciliatory tactics in order to endeavor to consolidate their position in periphery, create more favorable atmosphere for at-

tainment of their basic objectives regarding Germany, as well as divert considerable amount of energy and attention to working out difficulties on Soviet internal front.

This does not mean that Soviet leaders have permanently abandoned their aggressive tactics. No conclusive evidence has come to hand to show that this is more than temporary retreat by which they hope to gain time to consolidate their position internally and externally and prepare to take advantage of any future openings which may become available. They will continue to agitate by Comintern¹ methods or otherwise to maintain, if not increase, their influence in Soviet controlled areas as well as in Germany, France and elsewhere.

We should be careful, therefore, not to interpret these moves or temporary economic distress in country as having brought about permanent change in strategy. Authoritative Soviet commentators continue to stress, for internal as well as external consumption, inevitability of conflict between "socialism and capitalism." Any relaxation on our part will encourage them to renew their efforts to extend areas of Soviet influence and control.

Dept repeat to Nanking and Tokyo, Paris as No. 10, London as No. 10 and Berlin as No. 14.

SMITH

¹ The Third (Communist) International founded by the Bolsheviks at Moscow in March 1919.

741.61/1-1447: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, January 14, 1947—5 p. m.

90. 1. Field Marshal Montgomery's¹ recent visit to Moscow was characterized by sudden flurry of Anglo-Soviet good feeling evidenced by prominent photographs in all leading papers as well as front-page reports of Montgomery's activities during the 4 days of his sojourn. He was taken to inspect Voroshilov and Frunze Military Academies and Stalin Tank School. He was dined by Stalin and presented with Soviet Marshal's fur coat and hat which he wore to airport on his departure.

2. British Ambassador² informed me that at Kremlin dinner nothing of particular significance transpired although at one point Stalin turned to Montgomery with comment that all that was required to

¹ Field Marshal Bernard Law Montgomery, Viscount Montgomery of Alamein, Chief of the Imperial General Staff.

² Sir Maurice Drummond Peterson.

cement Anglo-Soviet friendship was an alliance. When it was pointed out that such an alliance in fact existed,³ Stalin replied that was not what he meant since the present alliance was within the framework of the United Nations' organization. Ambassador added that throughout visit, Montgomery had made point of emphasizing to Soviet military that contrary to current reports, there was no Anglo-American military alliance. Montgomery's suggestion that British and Soviet armies effect exchange of officers to study in respective military schools was met with statement that proposal was premature but that Marshal Vassilievski⁴ would bring Soviet reply on his forthcoming visit to England.⁵

3. British Embassy here, though satisfied with atmosphere surrounding Montgomery's visit, appears not very sanguine that it will have any significant consequences.

SMITH

³ The Treaty of Alliance in the War against Hitlerite Germany and Her Associates in Europe, and Collaboration and Mutual Assistance Thereafter, between Great Britain and Northern Ireland and the Soviet Union was signed in London on May 26, 1942. For text, see League of Nations Treaty Series, vol. ccrv, p. 353. Reports regarding the conversations leading to the conclusion of this treaty are printed in *Foreign Relations*, 1942, vol. III, pp. 490-566 *passim*.

Earlier in the day of January 10 before the Kremlin dinner Montgomery had a private conversation with Stalin of about an hour's duration at which Stalin expressed his criticisms of the 1942 treaty in the existing circumstances. When Montgomery asked whether there should be a military alliance, Stalin was reported to have replied: "That is what I would like and I think it is essential."

⁴ Marshal Alexander Mikhailovich Vasilevsky, Deputy Minister of Armed Forces of the Soviet Union, and Chief of the Army General Staff.

⁵ On the next day in telegram 95 from Moscow at 11 a. m., in connection with this paragraph Ambassador Smith told the Department that he had "subsequently learned from completely reliable source that Stalin's reference to an alliance was not a passing remark but was apparently intended as definite suggestion for military alliance outside United Nations and that all written notes made during conversation were destroyed in Stalin's presence before anyone left room. Furthermore, Russians stated that question of exchange of army officers would be appropriate corollary to development of such a pact." The Ambassador also understood that on the "British side proposal was listened to without comment other than that it would be duly reported" to the British Government. (741.61/1-1547)

811.42700 (R)/1-1047: Telegram

The Secretary of State to the Embassy in the Soviet Union

SECRET

WASHINGTON, January 15, 1947—7 p. m.

73. Smith from Benton.¹ Dept agrees with Embtel 55 Jan 10 that official notification of SovGov of radio broadcasting unnecessary but hopes a spontaneous opportunity will present itself. If such opportunity presents itself here we will informally mention to somebody in Emb the fact that broadcasts are to start.

¹ William Benton, Assistant Secretary of State for Public Affairs.

Dept considers it unnecessary to follow Brit move in inviting Sov Amb² to participate in first program.

BYRNES

² Nikolay Vasilyevich Novikov, Ambassador of the Soviet Union in the United States, 1946-1947.

711.61/1-1647

The Ambassador in the Soviet Union (Smith) to the Director of the Office of European Affairs (Matthews)

Moscow, January 16, 1947.

DEAR DOC: My recent conversation with Vyshinski¹ in connection with the Polish elections resulted in a rather lengthy and frank discussion on general matters which I did not include in my telegraphic report to the Department because of its irrelevance to the question in hand. However, I believe that it may be of interest to you and possibly some parts of it may be worth extracting for the Secretary.

After I had presented our case against the Polish Provisional Government and recounted the aggressive preelection measures it has taken, Vyshinski took the expected line of counter-attacking by charging Mikołajczyk² and the Peasant Party with subversive activities contrary to the tenor of the Yalta and Potsdam Agreements, and took the expected line that the United States had previously expressed apprehension prior to the Rumanian and Bulgarian elections, which in his opinion were perfectly fair elections. I replied that our present concern about affairs in Poland was due to our knowledge of what had taken place in Rumania and Bulgaria. That the damage was done before and after the elections and we anticipated the same thing in Poland.

He then complained about the increasingly hostile attitude of certain sections of American Government, press and public opinion, and referred to the unreasonably anti-Soviet tenor of the articles in the Hearst and McCormick papers. I replied that it was for this same reason that I did not read *Pravda* or *Izvestia*, and while it was a well-known fact that these two newspapers could not maintain their consistently hostile attitude toward the United States without at least the acquiescence of the Soviet Government, the American newspaper groups to which he referred did not by any means reflect American

¹ Andrey Yanuaryevich Vyshinsky, First Deputy Minister of Foreign Affairs of the Soviet Union. Regarding Ambassador Smith's conversation with him on January 5, about the Polish elections, see footnote 3, p. 402.

² Stanisław Mikołajczyk, Deputy Prime Minister and Minister of Agriculture and Land Reform in the Polish Provisional Government of National Unity, July 1945-February 1947; Chairman of the Executive Committee of the Polish Peasant Party.

Government opinion as he well knew and in general were antagonistic to Government policies. He said that at least they must reflect the attitude of a considerable part of American public opinion since American newspapers were published to be sold. I answered that it could not be denied that the attitude of American public opinion toward the Soviet Union had changed sharply since I left the United States a year ago. I reminded him that at the end of the war there was a vast reservoir of good will and admiration for the Soviet Union existing in the United States, much of which was now exhausted, and that in my opinion this change in attitude was due primarily to the policies of the Soviet Government and the utterances of Soviet statesmen. I suggested that in this respect the Soviet Government and its representatives abroad had made serious mistakes. He asked in what way, and I replied that neither the Kremlin nor the Foreign Office had in my opinion an accurate appreciation of the psychology of the Western Nations. For instance, I said, I sat in session after session in Paris and heard Mr. Molotov,³ Mr. Manuilski,⁴ and yourself to a lesser extent, and other representatives of the Soviet Union and associated nations give speech after speech which could only be characterized as antagonistic, violent and unjustified attacks on the United States, its representatives, and its institutions, and that these tactics of consistent aggression, while probably successful and appropriate during the party battles between Bolsheviks and Mensheviks, were not calculated to produce a favorable reaction from Western statesmen or Western public opinion. He replied that in these conferences the Soviet Union was not attacking but was "defending" and had been driven to defense by the policies of the Western Democracies and their consistent attitude of superiority toward the Soviet Union. To this I replied, "For God's sake, when will you Soviet statesmen get rid of your inferiority complex. There is no reason or excuse for such an attitude on the part of representatives of a nation as powerful as this one." He answered, "Just as soon as the Western States treat us on a basis of complete equality." He then added, "However, the atmosphere in New York was much happier than at any of the Paris conferences which you attended and I am sure that in Moscow it will be happier still." I said, "Do you really think so when we get to the very interesting and important subject of Germany?" He assured me that he did indeed think so, and I left with my fingers crossed.

The interesting thing about this discussion was that several times during its progress Vyshinski took time to remind me that this was a

³ Vyacheslav Mikhailovich Molotov, Minister for Foreign Affairs of the Soviet Union.

⁴ Dmitry Zakharovich Manuilsky, Minister for Foreign Affairs and Deputy Chairman of the Council of Ministers of the Ukrainian Soviet Socialist Republic.

personal and not a diplomatic conversation. He is the only Soviet Foreign Office official with whom one can argue this way. He loves argument and his keen, prosecuting attorney type of mind reacts quickly and sharply—occasionally so quickly that the Party line brakes do not have time to work.

Faithfully,

[W.] BEDELL [SMITH]

861.00/1-1747 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

CONFIDENTIAL

Moscow, January 17, 1947—3 p. m.

121. Despite double talk in Soviet press about democracy of Soviet election system it is clear from articles on current election campaign ¹ that this system bears not faintest resemblance to genuine democracy. Soviet elections are political puppet show in which masses dance to strings pulled by party bosses. Their purpose in foreign affairs is to conceal reality of police state behind constitutional façade. Internally they constitute gigantic organized “spontaneous” demonstration in which populace is forced to register solidarity with regime.

Good illustration of above is *Culture and Life* January 11 editorial. Editorial contemptuously contrasts “bourgeois democracy, which only formally proclaims democratic liberties”, to “Soviet democracy based on genuine active participation of people”. This ideological locus-pocus is followed by assertion that in forthcoming elections CP comes forth in “bloc” uniting “non-party people and Communists in one common collective of Soviet people”.

Editorial urges party agitators and party press to redouble election propaganda work. It notes that 240,000 agitators are operating in Moscow, 1½-million in Ukraine, et cetera. In connection with campaign tens of millions of political pamphlets have been published.

Editorial emphasizes that agitators must discuss subjects connected with most important economic-political tasks facing country. *Inter alia*, it declares that they must “ceaselessly wage struggle for raising labor productivity, for labor discipline, educate workers in spirit of devotion to cause of party and Lenin-Stalin”. Entire press, radio, meetings must “urge all voters to vote unanimously for candidates of bloc of Communists and non-party people”.

¹ This election campaign was for members of the Supreme Councils of the Union Republics. For comments upon the elections to the Supreme Council of the Soviet Union in 1946, see telegram 326, February 2; telegram 370, February 6; and telegram 378, February 8, all from Moscow, *Foreign Relations*, 1946, vol. vi, pp. 688, 690, and 692.

Editorial states that forthcoming election will demonstrate with new force vitality and indestructibility of Soviet multi-national state. . . [apparent omission] "great strength of bloc of Communists and non-party people". In conclusion it asserts that it is duty of agitators to urge all electors to vote "for candidates bloc Communists and non-party people, for policy of party. . . ."

Foregoing makes it obvious Soviet elections are not contest as in a democracy but carefully staged spectacle. Ruling party, controlling government, press, police, utilizes services of its millions of members and of entire state machinery to get out hundred percent vote for its picked slate of candidates. In these elections public has no choice either of candidates or of issues. Soviet press, of course, says nothing about public discussion of policies. Dissent from party's position would, of course, be matter for police, but no Soviet citizen would dream of challenging party's choice of election "issues".

This is government of the party, by the party and for the party.

SMITH

811.91261/1-2447 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

CONFIDENTIAL

Moscow, January 24, 1947—5 p. m.

175. In view of Stalin's statement to Elliott Roosevelt on exchange of cultural and scientific material and personnel,¹ I propose to review in one note to Foreign Office all previous proposals for such exchanges and at the same time cover those now pending which have not been officially presented. Full text of Embassy's note will be transmitted to Dept and we see no objection to making this public.² In connection with foregoing, earliest possible clarification of question of registration of foreign agents would be extremely helpful.

SMITH

¹ The text of the interview on December 21, 1946, between Elliott Roosevelt and Iosif Vissarionovich Stalin, Chairman of the Council of Ministers of the Soviet Union, was published in an article in *Look* magazine for January 21, 1947. While Stalin admitted that relations with the United States had deteriorated, he said there could be no war, and he spoke strongly in favor of cultural and scientific exchanges of information.

² Ambassador Smith sent the text of his letter of February 3 to Foreign Minister Molotov in telegram 280 from Moscow on that day, not printed. The Department approved the Ambassador's request to release the letter to American correspondents in Moscow, which was done on February 18. The text was also released by the Department and is printed in the Department of State *Bulletin*, March 2, 1947, pp. 393-394.

741.61/1-2447 : Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

TOP SECRET

LONDON, January 24, 1947—6 p. m.

520. UK Foreign Office plans to release for publication Saturday press Stalin's reply to Bevin on Anglo-Soviet treaty (copy thereof telegraphed by Foreign Office to British Embassy Washington).¹ Official charged Soviet matters states Stalin's observations on revision in case of prolongation causes some concern and full implications now being explored.

Question of whether Stalin desires bilateral treaty outside UN arises. Official stated Foreign Office much more concerned with Stalin's statement to Montgomery regarding desire for Anglo-Soviet military alliance. It is feared that this statement may become public knowledge through a *Pravda* article or otherwise and be used against Bevin by his political opponents in UK. Consequently, Foreign Office officials are now considering whether UK Govt should not immediately communicate to Moscow its willingness to undertake conversations on Stalin's expressed desire for military alliance despite fact he did not charge Montgomery with official communication on subject to UK Govt. Foreign Office thought now proceeding along line that any such alliance should be multi-lateral and directed against Germany. Multi-lateral factor would be used to include France and other western European countries and possibly Poland. It should likewise make specific reference to UN. Mention here also was made to Byrnes' proposal on Germany. Official stated views were purely in exploratory stage and would be subject to review at highest level after which UK Govt would communicate with Washington.

GALLMAN

¹ Publication of the exchange of communications between British Secretary of State for Foreign Affairs Ernest Bevin and Premier Iosif Vissarionovich Stalin took place in Moscow, London, and New York on January 25. For the text of Bevin's communication of January 18, and of Stalin's reply of January 23, see *The Times* (London), January 25, 1947, p. 4, or the *New York Times*, January 25, 1947, p. 2.

741.61/1-2547 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

TOP SECRET

Moscow, January 25, 1947—1 p. m.

187. In his eagerness to isolate USA Stalin made mistake of trying to high-pressure British into new treaty. Stalin's importunate courtship of British was conducted with surprising ineptitude. Height of

clumsiness was of course *Pravda's* accusations¹ that Bevin had been unfaithful to present treaty—an obvious appeal to labor opposition to force Bevin out and demand a man who would “get along with USSR”.

What surprises us is not that Kremlin resorted to improper tactics, but that its actions were crude, obvious and hasty where they should have been deft, discreet and deliberate. It would almost seem that Kremlin's high pressure tactics were prompted by a sense of anxious urgency, a desire to split Anglo-American front before CFM decision on crucial German problem.

We should be interested in Department's and London's estimates of Anglo-Soviet train of events since Montgomery's visit here.

Department pass to London as 18.

SMITH

¹ The Department of State was advised in telegram 611 from London on January 28, 7 p. m., not printed, that Assistant Under Secretary of State Christopher Frederick Ashton Warner believed that this article in *Pravda* for January 15 “was the Soviet way . . . of showing displeasure that Stalin's reference to a military alliance to Montgomery went unanswered by London.” (741.61/1-2847)

861.00/1-2747 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

CONFIDENTIAL

Moscow, January 27, 1947—6 p. m.

203. We have noted in American press and radio comment some perplexity and confusion regarding seeming manifestations of conciliation in Soviet foreign policy since New York meetings of CFM and General Assembly. This perplexity arises from limited knowledge of Communist theory and history, from failure to understand that Soviet policy is motivated and guided by a well-defined, enduring and fundamentally consistent doctrine.

Anniversary of Lenin's death, January 21, offers convenient point of departure for relating certain basic tenets of Soviet doctrine to current questions. Anniversary was observed throughout last week by nation-wide reaffirmation of loyalty to teachings of Lenin. At memorial meeting held by top party and government officials, including Stalin, address was delivered by Aleksandrov,¹ one of party's principal spokesmen. Aleksandrov said in part, “Soviet land . . . can take pride in its leaders who in field of foreign policy of our state, work according to Lenin”.

¹ Georgy Fedorovich Alexandrov, prominent Soviet philosopher, chief of the Propaganda and Agitation Administration (*Agitprop*) of the Central Committee of the All Union Communist Party (of Bolsheviks), editor of its newspaper *Culture and Life*; member of the Academy of Sciences of the Soviet Union since 1946.

It is worthwhile, then, to review Lenin's teachings in realm of Soviet foreign relations most of which are applicable to outstanding questions of the day.

Is peaceful co-existence between USSR and capitalist states possible?

Lenin said: "We are living not merely in a state, but in a system of states, and existence of Soviet Republic side by side with imperialist states for a long time is unthinkable. One or the other must triumph in the end. And before that end supervenes, a series of frightful collisions between Soviet Republic and bourgeois states will be inevitable." (At Party Congress 1919)

But is not offer of new alliance to Britain evidence of willingness to get along with great imperialist power?

Lenin said: "We are at present between two foes. If we are unable to defeat them both, we must know how to dispose our forces in such a way that they fall out among themselves; because, as is always the case, when thieves fall out, honest men come into their own. But as soon as we are strong enough to defeat capitalism as a whole, we shall immediately take it by scruff of the neck." (To Moscow Party Nucleii, 1920)

Does a well-defined new trend in Soviet policy mean a change in fundamental strategy?

Lenin said: "In order not to get lost in these twists (changes in policy), in order not to get lost in the periods of retirement, retreat or temporary defeat, or when history or the enemy throws us back . . . the important and the only theoretically correct thing is not to cast out the old basic program." (At Party Congress 1918)

In 23 years since Lenin's death we have yet to see this old basic program cast out. It has been modified and added to but never rejected or forgotten.

Department please repeat to London as Moscow's 22, Paris as 18, Nanking, Tokyo.

SMITH

741.61/1-2547: Telegram

The Secretary of State to the Embassy in the Soviet Union

TOP SECRET

WASHINGTON, January 30, 1947—4 p. m.

151. Embtel 187, Jan 25. Dept does not feel that obvious Sov maneuver to exploit current difficulties Brit Labor Gov, particularly attacks being made against Bevin by Labor Party "rebels"¹ with object

¹ The leader of this group of dissident Labor Party members in the House of Commons was Richard Howard Stafford Crossman, member from East Coventry.

of splitting US and Brit policies with respect to Sov Union will achieve any great measure of success. Brit are however concerned not to allow Bevin's position to be weakened before CFM meeting and they are sensitive on subject of an alliance because of official statements and wide public discussion re US-UK arms standardization. FonOff had informed our Emb prior to Montgomery visit that they wished give every encouragement to conciliatory moves which Soviets had made toward close of UN meeting and that they would endeavor avoid actions which might question good faith of USSR.²

Bevin speech made Dec 22³ while *Pravda* article not published until Jan 15, day of publication of statement re Blum visit to London.⁴ Sov attack may thus have been motivated in part by possible connection between proposed Anglo-French Treaty and much discussed "Western European Bloc".

Dept hereby requests London to repeat to you its tel 520, Jan 24 to Dept, reporting that FonOff thinking is along line of turning any move for military alliance to discussion multilateral pact against Germany.

MARSHALL

² Ambassador Smith informed the Department in telegram 266 from Moscow on February 1, 1 p. m., not printed, that his British colleague had told him on the day before that the "British Govt felt it essential, with regard both to its internal and external position, to overlook no possibility of attaining a *modus vivendi* with Soviet Union although convinced that a genuine basis of friendly understanding was extremely unlikely in the foreseeable future." (741.61/2-147)

³ Foreign Secretary Bevin had made a broadcast from London reporting on the meetings in New York of the Council of Foreign Ministers.

⁴ Léon Blum, Premier of France, began a short visit to London on January 13. A Downing Street announcement on the 15th foreshadowed the coming treaty of alliance with France. For text of the treaty signed at Dunkirk on March 4, see British and Foreign State Papers, vol. cXLVII, p. 844, or United Nations Treaty Series, vol. ix, p. 187.

741.61/2-347 : Telegram

The Secretary of State to the Embassy in the United Kingdom

SECRET

WASHINGTON, February 3, 1947—6 p. m.

US URGENT NIACT

532. Please deliver immediately the following message from the Secretary to Bevin:

"I am very appreciative of the communications which you sent me through the British Embassy under date of January 31¹ relating to your proposed course of action in respect to Marshal Stalin's suggestion first, as to a review of the Anglo-Soviet treaty; and second, as

¹ Not printed.

to an Anglo-Soviet military alliance. I am also grateful to you for your assurances that if and when Marshal Stalin replies to your communication on the first of these subjects, you will continue to keep me informed.

"I have no comments to make in regard to the course you suggest.² As you know from your many talks with Secretary Byrnes, it has been the President's and his policy, as it will be mine, to make the influence of this country felt in international affairs by doing all that can be done to strengthen and perfect the United Nations as an instrument for the discussion of international problems and the maintenance of international peace. Along with this policy goes that of taking a full and active part in the working out of peace settlements which will form a lasting basis upon which the United Nations can perform its functions. Mr. Byrnes' draft four-power treaty for the disarmament and containing of Germany³ and a similar proposal which he suggested for Japan are outstanding examples. This policy has the overwhelming support of our people who pin their faith to this rather than to the attempt to reach international security through bilateral agreements."

MARSHALL

² In his communication of January 31, Foreign Secretary Bevin declared: "I have no knowledge of what is in Stalin's mind. I propose therefore to reply to the Generalissimo by asking him if he would be good enough to give us his proposed revisions. By that means we shall see exactly what he has in mind. In communicating with Stalin I should make it clear that His Majesty's Government are willing to enter into negotiations for bringing the Anglo-Soviet Treaty up to date." (741.61/2-447)

³ For the draft of this treaty submitted to the Council of Foreign Ministers at Paris, see the document CFM (46) 21, 30 April 1946, *Foreign Relations*, 1946, vol. II, p. 190. The first substantive discussions of this draft were held at the meetings of the Council of Foreign Ministers at Moscow, March 10-April 24, 1947. Secretary Bevin reminded in his communication of January 31 that he had "already announced to the Council of Foreign Ministers that we were willing to support Mr. Byrnes' draft Four Power Treaty for the disarmament and the containing of Germany." (741.61/2-447)

Editorial Note

For an expression of opinion by Lieutenant General Matthew B. Ridgway, Chief of Staff's Representative in the United Nations Military Staff Committee, on the "emergence of a pattern of Russian objectives" as evaluated from the "facts of Russian action before the United Nations on the subjects of Atomic Energy Control, Disarmament and the establishment of United Nations armed forces under Article 43 of the Charter", see his memorandum of February 3, scheduled for publication in Volume I.

741.61/2-647

The British Embassy to the Department of State

SECRET

Ref. G.45/—/47

AIDE-MÉMOIRE

Mr. Bevin has kept General Marshall fully informed of his recent exchange of messages with Generalissimo Stalin regarding the Anglo-Soviet Treaty of alliance. Mr. Bevin is particularly anxious that General Marshall should not gain from this correspondence the impression that the British Government are weakening in any way in their desire for the closest Anglo-American collaboration.¹

2. Generalissimo Stalin having, on the basis of Mr. Bevin's broadcast of the 22nd December, raised the question whether Mr. Bevin considered the Anglo-Soviet Treaty as suspended, Mr. Bevin had of course to put matters straight. Equally, now that he has suggested that the "reservations" in the Treaty should be removed the British Government cannot refuse to examine his proposal. Mr. Bevin has restricted his latest message to Generalissimo Stalin to a reaffirmation of the British Government's attachment to the present Treaty as the basis of their friendly relations with Soviet Russia and to enquiring what exactly the Generalissimo means by the "reservations" which he wishes to be removed from the Treaty. He is, therefore, being given as little excuse as possible for suggesting wider modifications or extensions of the Treaty or for presenting the British Government with a draft of a revised Treaty.

3. The British Government are well aware that the Soviet Government may try to draw them into wider bilateral obligations, as a substitute for quadripartite arrangements against Germany under a Treaty on the lines of the Byrnes draft, to which, as Mr. Bevin has said in his message to General Marshall, the British Government attach the greatest importance. Mr. Bevin wishes to assure General Marshall that, although remaining under their present Treaty obligations to go to Soviet Russia's assistance in case of an attack upon her by Germany, the British Government will at Moscow work to secure in addition the adoption of quadripartite obligations for the purposes defined in Mr. Byrnes' draft of a Four Power Treaty.

WASHINGTON, February 6th, 1947.

¹ When the British Ambassador, Lord Inverchapel, brought in this *aide-mémoire* on February 7, Secretary Marshall wrote in his memorandum of their conversation: "The Ambassador had gained the impression that there was some anxiety in the State Department lest recent developments indicate some weakening of Anglo-American cooperation and that he was therefore very pleased to hand me an *aide-mémoire* which he thought would set our minds at ease."

811.42761/2-1047 : Telegram

The Secretary of State to the Embassy in the Soviet Union

SECRET

WASHINGTON, February 10, 1947—2 p. m.

207. Embtel 175 Jan. 24 and Embtel 45 Jan. 8.¹ Attorney General Clark has advised Assistant Secretary Benton that Russian scientists and scholars visiting this country can be assured that they will not be required to register under terms of the Foreign Agents Registration Act provided they confine themselves exclusively to scientific, academic or scholastic pursuits. Clark explained that this assurance can be given under Section 3 (e) of the Act which exempts from registration agents of foreign principals who engage only in activities in furtherance of bona fide scholastic, academic, or scientific pursuits.

Clark emphasized, however, that under specific provisions of the Act this exemption is not available if these persons engage in any political activity on behalf of a foreign principal, on their own behalf, or on behalf of any other person. For purposes of the Act Clark stated "political activity includes, among other things, activities designed to influence any segment of the American people with reference to the political or public interest of a foreign government or of a foreign political party, or with reference to the foreign policies of the United States. For example, the active participation of a foreign scholar in a public meeting for any of the above purposes, even though such meeting is sponsored or arranged by an American organization, would mean that he is not engaged exclusively in scholastic, scientific, or academic pursuits within the meaning of the statute. He is not prohibited from engaging in such activity under this Act, but his registration would be required."

The statement thus makes clear that, so far as Attorney General is concerned, test of whether a visitor must register under the Act is what the visitor does after he arrives in this country and not advance stipulations as to what he intends to do.

In view foregoing, Department feels that FonOff may be assured that scholars will not be required to register if they confine their activities to scientific, academic and scholastic pursuits. FonOff should clearly understand, however, that if a visitor actually engages in other activities of the type indicated by Clark, registration will be necessary. Department leaves to your discretion decision whether question of registration should be discussed when invitations issued or whether better tactics to let Soviets raise issue. Department feels, however, that any [commitment?] made regarding registration should be in writing or confirmed in writing.

¹ Latter telegram not printed.

Reference whole question of invitation to scholars, Department suggests that when you take up matter, you repeat desire of U. S. to have reciprocal invitation issued Americans at a future date.

MARSHALL

861.00/2-1047: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

RESTRICTED

Moscow, February 10, 1947—7 p. m.

357. Campaign to strengthen indoctrination of Soviet people in anti-capitalist orthodox Leninist ideology continues to expand. Latest phase in this drive centers around publication of new biography of Stalin million copies.¹ Aleksandrov in his speech on 23rd anniversary of Lenin's death and *Culture and Life* for January 31 emphasized necessity of studying Stalin's biography.² *Pravda*, February 6, carries two-page review of this work.

Review throughout stresses Stalin's role as Lenin's pupil and "great continuator of his immortal cause", attributing to Stalin's decisive influence in each major development in history of revolutionary movement and Soviet state. Review underlines Stalin's life long struggle against capitalism and reemphasizes Stalin's authorship of theory of Soviet state under capitalist encirclement. It emphasizes international solidarity of proletariat, asserting that "on basis of classical works of Stalin, workers of all countries learn art of class struggle against their oppressors, learn to prepare conditions for final victory of proletariat".

Besides being example of dogmatic indoctrination to which Soviet people are ceaselessly subjected, review has another interesting angle. It several times applies term "immortal" to cause of party of Lenin and Stalin and concludes with this word. It notes that enemies of Bolshevism hoped that Soviet state would collapse after death of Lenin, but party carried on. Possibly one reason for current emphasis on Lenin, and Stalin as his continuator and on immortality of their crusade is to prepare public mind for smooth transition from Stalin to some future trusteeship of Lenin's cause.

SMITH

¹ This new *Short Biography of Stalin* was revised from a 1942 publication, reissued in 1946, and now brought up to date. It was a paean of praise of the Generalissimo. The work was performed by a group of party theoreticians led by Academician Alexandrov; Peter Nikolayevich Pospelov, editor of *Pravda*; and Maj. Gen. Mikhail Romanovich Galaktionov, a specialist and writer on military affairs. A few months later the Embassy reported that a film about Stalin called "The Oath" had begun intensive showings in the middle of 1946. The first complete edition of his writings began to appear also at that time. Four of 16 volumes had been published by May 1947, in an edition of about 500,000 copies priced at 6 rubles each.

² See telegram 203 from Moscow on January 27, p. 524.

711.61/2-1547 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

RESTRICTED

Moscow, February 15, 1947—11 a. m.

414. Following letter to me dated February 14 has been received from Molotov. Translation follows:

"On 10 of February this year while question of appointing Mr. Lilienthal¹ as chairman of Commission on Atomic Energy was being considered in the Senate of USA, Senator McKellar allowed himself, in addressing Under Secretary of State, Mr. Acheson, to inquire: 'Do you not suppose that Russia would take over rest of Europe and world, if she were in possession of bomb?' In answer to this rude attack of Senator McKellar on Soviet Union, Under Secretary of State Mr. Acheson observed: 'Foreign policy of Russia is aggressive and expansionist'.

"Account of this session of Senate, including statement introduced by Mr. Acheson was published on 11th February by number of American newspapers (*Washington Post*, *New York Herald Tribune*, etc.), also by UP.

Soviet Government calls the attention of Government of USA to inadmissible behavior of Mr. Acheson, who allowed himself, despite his official position, to make statement in Senate which was rudely slanderous and hostile to Soviet Union.

At direction of Soviet Government I request you to inform Government of USA of above facts."²

SMITH

¹ David E. Lilienthal, lawyer, chairman of the Tennessee Valley Authority since 1941.

² Mr. Acheson's office was notified of this protest at 2:15 p. m., on February 15.

811.42700 (R)/2-1547 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

Moscow, February 15, 1947.

423. Embassy Information Officer February 15th issued to Soviet press and American correspondents following for immediate release:¹

"American Ambassador takes pleasure in announcing that beginning February 17, American Government's radio program Voice of America will include daily broadcasts in Russian language beamed to

¹ The Department of State had announced on February 1 that these broadcasts were to begin on the 17th. (For text, see Department of State *Bulletin*, February 9, 1947, p. 252.) This was followed by another announcement that the program had begun on that date. (*Ibid.*, March 2, 1947, pp. 395-396.) The complete text of the English translation of the broadcast was contained in the Department's Press Release No. 125 of February 15, and the English translation of the news commentary included in the first program was given in Press Release No. 130 of February 17, 1947.

USSR. These broadcasts will consist of music, news about America and world affairs and special features. They will be transmitted from 9 to 10 p.m. Moscow time on two frequencies 6170 kilocycles (48.6 meters) and 9540 kilocycles (31.5 meters).

Ambassador believes that these broadcasts, which are in line with desire frequently expressed by representatives of governments of both countries for wider exchange of information of a cultural and scientific character will help to broaden base of understanding and friendship between peoples of Soviet Union and United States."

Department will be informed whether or not Soviet papers carry this announcement.²

SMITH

² Ambassador Walter Bedell Smith reported in telegram 439 from Moscow on February 18, that the statement which he had released to the Soviet press had so far been ignored by the Moscow papers, and no mention of the broadcasts had yet been made. (811.42700 (R) /2-1847)

711.61/2-1747 : Telegram

The Secretary of State to the Embassy in the Soviet Union

RESTRICTED

WASHINGTON, February 17, 1947—7 p. m.

261. Please deliver the following message from the Secretary of State to Mr. Molotov: ¹

I have your letter of February fourteen sent to me through Ambassador Smith in which you protest against what you describe as the inadmissible behavior of the Under Secretary of State in making a statement before a Committee of the Senate of the United States which you consider as a rude slander and hostile to the Soviet Union.

The expression complained of was not volunteered by the Under Secretary but was in response to questioning by a member of the Senate. The answer was given in the course of questions explicitly ruled permissible by the Chairman of the Committee. The particular question and answer were as follows:

"Senator McKellar. Now, assuming that Russia is reaching out not only for those countries that she already has, but is reaching out for additions to her territory, do you not believe that if she gets this bomb discovery, she would take not only the remainder of Europe but perhaps the remainder of the world?"

Mr. Acheson. Senator, I don't think that that is a question which is capable of being answered in the way in which you ask it. I am quite aware of the fact that Russian foreign policy is an aggressive and expanding one. I think that one of the great efforts which everyone is making in the United Nations is to attempt to find means for solving problems of that sort. If those means and agreements can be found, then there is hope that there will not be major clashes. If they can't be found, then I think the situation is very serious."

You are thoroughly familiar with the Constitutional system of this Nation including the separation of powers between the legislative and executive branches of this Government. In accordance with our system

¹ This rejoinder was drafted by Under Secretary Acheson.

an officer of the executive branch, called before a Committee of the legislative branch, is under a duty to answer frankly relevant questions not involving a matter of secrecy incompatible with the public interest. Such an exception did not exist here.

The conduct of the Under Secretary, therefore, in answering the question frankly and in accordance with his conscience cannot be described as inadmissible, but was rather in line of duty.

You characterize the content of his statement as a rude slander and hostile to the Soviet Union. Under our standards a restrained comment on a matter of public policy is not a slander. Therefore, I know that on second thought you will not attribute hostility to frankness.

Please advise immediately when you have delivered the message.²

MARSHALL

² Ambassador Smith sent this letter to the Ministry of Foreign Affairs by special messenger on February 18. A note from the Embassy of the Soviet Union on February 21 stated that the communication was "unconvincing" to Molotov.

811.42700 (R)/2-1847: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

RESTRICTED PRIORITY Moscow, February 18, 1947—4 p.m.

433. Personal for Benton from Smith. Know you will want at earliest possible moment our personal reaction to first broadcast which was listened to by almost entire American colony assembled at OIC headquarters.

On good side, accent, pronunciation and use of modern Russian vocabulary by announcers was considered excellent. The girl who announced was as good as any trained Soviet announcer, most of whom are women. Man sounded a little strained and stilted and talked too fast. These are faults which will be quickly overcome whereas a bad accent or poor use of words could never be corrected. All felt that our announcing was at least as good as BBC. It is too early for us to begin criticizing choice of subjects but flash estimate of first program was that we were a little too cultured in Russian sense of the word. Fifteen-minute talk on structure of American Govt was rather ponderous, particularly as Soviets are rather bored with long winded discussions of political conditions, which to them mean very little. Copland ¹ music sounded like a bagpipe solo, due probably to technical faults in transmission. It came in waves and actually was unpleasant to listen to. When an orchestra played "Night and Day", about half audience sat up and said, "This is what we have been waiting 45 minutes for."

¹ Aaron Copland, American composer and musician.

General reaction of Russian listeners seemed to me to be very favorable but this favorable reaction was based not so much on excellence of first program as on anticipation of future ones.

Russian people are starved for humor, bright music, folk songs and any form of entertainment which offers an escape from grim reality of daily existence. Soviet radio places great emphasis on national characteristics of various areas of Soviet Union but is over-burdened with long-winded ideological abstractions, which have become bore-some to Soviet listeners. We must strive for happy medium between what Soviet radio audience would consider uncultured, and by that I mean crude claptrap which assails ears of American radio audience, and ponderous political polemics with which Soviet radio audience is completely saturated. Carefully selected cowboy songs, negro spirituals, with emphasis placed on local character of the music, really good light music, news, and short lectures on same type of subject which we have tried to emphasize in the magazine *Amerika* in order to give a picture of local American scene, seem to us now to be type of program which will have greatest appeal here.

I did not think reception was good and there were other stations broadcasting on wave band which would have probably interfered with a less powerful receiving set than Hallicrafter to which I listened. Praha came in loud and clear on same band.

We will continue to give you full reports and best critiques that we can produce.

Regardless of any criticism contained in above, all here in Moscow send sincere and most enthusiastic congratulations to you and to everyone who has contributed to this extremely important project in which we have greatest hopes.

SMITH

711.61/2-2147 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, February 21, 1947—3 p. m.

487. Personal for Matthews. I am forwarding by pouch compilation of subjects of anti-American articles in Soviet press during period September 1, 1946–February 14, 1947.¹ This report gives only faint idea of rising crescendo of anti-American press campaign of invective, distorted misrepresentations and twisted facts which now surpass in intensity anything we have so far experienced, and I thought we had developed rather thick skins. Tone of Soviet press toward US trends

¹ Despatch 889 from Moscow on February 24, not printed.

from hysteria to savagery and sounds all notes between except reason or objective approach to any subject which is completely lacking. If it is true, as we have often thought, that Kremlin was most dangerous when most quiet, present attitude could be explained by able [apparent garble] consciousness of weakened position due to economic difficulties in Soviet Union and satellite countries, present failure to obtain political objectives in Iran, Middle East, and Germany, resistance encountered in UN and increasing realization of firmness of US foreign policy. In addition to above it is undoubtedly preliminary psychological preparation for Moscow Conference,² calculated to create atmosphere of pessimism and make western delegations thankful for small favors in the form of minor Soviet compromises.

SMITH

² For documentation on the Fourth Session of the Council of Foreign Ministers held in Moscow between March 10 and April 24, see volume II.

800.00B/2-2447: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, February 24, 1947—6 p. m.

523. Emb 450 February 18.¹ One of the most hopeful signs we have recently seen is article in February 17 *Pravda* on schism in working class movement. But before commenting further, we would say something by way of background.

Notwithstanding failures and disappointments during past 30 years, Kremlin still places great reliance upon mobilization of world proletariat to advance Soviet expansion. While Kremlin no longer entertains illusions that it can engineer world revolution at one stroke, it has good reason to believe that if through its propaganda and international agents it succeeds in winning support of even bare majority of workers of world and then harnessing them to its program, it will have gone long way towards subjecting rest of world to its will. Aggressive Soviet sponsorship of WFTU and attempts to manipulate it in furtherance of Soviet political aims is evidence of Soviet intentions in this direction.

Soviet attempts to mobilize world proletariat encounter two general forms of active opposition. One is repressive; for example, policy of Chinese and Greek Governments. Other is competitive; for example, activities of British Labor Government and AFL. Repression is effective where government is firmly established and workers weak and unorganized, as in Turkey. But in most other countries outside Soviet orbit, repressions often boomerang, sometimes disastrously.

¹ Not printed.

Competition for proletarian support by strong, independent and nationalist labor organizations is fundamentally more effective because it offers an affirmative alternative to Communism and thus exerts an attractive influence on proletariat nullifying possibility that proletariat gravitate en masse toward reliance upon and subjection [to] USSR. Finally competition does not—as repression does—feed sense of persecution, the psychological state most susceptible to Soviet exploitation.

It is with foregoing in mind that we say *Pravda* article on schism in working class is hopeful sign. Soviet anxiety revealed in that article is indication that British Labor Party and Government are competing effectively for proletarian support not only in Britain but also in Europe. Possibility that large segments of western and central European workers look to British rather than to USSR for guidance and support threatens major set-back to Kremlin plans.

AFL has played somewhat similar role in Germany, Latin America and Japan and has as consequence drawn bitter attacks in Soviet press. If AFL activities along these lines are increased and skillfully pursued, they, too, will constitute major impediment to Kremlin efforts to capture workers of the world.

Department repeat to Tokyo, Nanking, London as Moscow's 59, Paris 45, Berlin 50.

SMITH

701.1160e/2-2547

Memorandum of Conversation, by the Chief of the Division of Eastern European Affairs (Thompson)

[WASHINGTON,] February 25, 1947.

In the course of a conversation which took place at lunch today Mr. Tarassenko ¹ informally raised the question of the United States establishing separate diplomatic representation with the Ukrainian Soviet Socialist Republic.² He began by inquiring whether we had any consulates in the Soviet Union. I replied that we had a consulate at Vladivostok but that the Soviet Government had not yet replied to our overtures for the establishment of consulates elsewhere. He asked if

¹ Vasily Akimovich Tarasenko was Counselor of the Embassy of the Soviet Union; at times Chargé d'Affaires.

² The Deputy Director (Director, from August 24) of the Office of European Affairs John D. Hickerson wrote in a memorandum of March 1 to Llewellyn E. Thompson: "As far as I am aware, this is the first suggestion of this sort from Soviet sources. . . . Heretofore we have felt that on balance it would be preferable for the United States not to take the initiative in this matter." For documentation about the reorganization of the Foreign Office of the Soviet Union and the creation of Commissariats for Foreign Affairs in the Union Republics by the law of February 1, 1944, see *Foreign Relations*, 1944, vol. iv, pp. 809-813.

we had attempted to open a consulate at Odessa. I replied that this had been discussed but that we were pressing at the moment for first opening a consulate in Leningrad. He stated somewhat jokingly that the Ukrainian Government would not allow us to establish a consulate in Odessa until we had established diplomatic relations with that republic. He continued in a serious vein urging the desirability of this step. I was non-committal but inquired whether, in the event that this were done, the Ukrainian Government would establish representation in the United States separate from that of the Soviet Union, to which he replied, "Of course."

Mr. Tarassenko is himself a Ukrainian, which fact he emphasizes on every occasion, and he endeavors to convey the idea that he is at present more or less representing the Ukraine.

L[LEWELLYN] E. THOMPSON

811.42700 (R)/2-2747: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

RESTRICTED

Moscow, February 27, 1947—1 p. m.

563. Following is expansion Embassy views on using unfavorable news items in Russian broadcasts (Deptels 294, February 21 and 316, February 25¹).

If used as brief factual items in same style as American news broadcasts such stories are definitely harmful because they will stick in listeners' minds and only serve to document the generalized attacks constantly being made upon US in Soviet press.

For instance, Americans hearing that high school teachers in Centerville are threatening strike recognize a good story but have perspective enough to realize that people of Centerville will sooner or later solve this problem in fair and democratic way. But Russian listener judging such an item against background of his own experience and what he is told of USA sees whole foundation of American life giving away. So in an attempt to be objective, we have actually given false impression. But to be objective and at same time serve our own interests we should, whenever giving unfavorable news, place it in perspective for Russian listeners by explaining concisely background causes and corrective measures being taken.

To give second example, announcement of lynching is bad. If story is grisly enough Tass will cover in full detail. We must wait until we can carry more comprehensive story that American public opinion

¹ Neither printed.

has been aroused, that newspapers throughout country are demanding action, and that federal officers have made arrests in accordance with President's orders.

We should not try to hide our problems from Russians nor should we indulge guilt complex which so frequently seems to afflict American mind by making point of our faults. Russian press already does that. Our aim should be to emphasize what we as great democratic people are doing to solve these problems. Official Soviet propaganda line is that only Marxism can solve our problems. Our purpose must be to show that we have our own ways for arriving at the better life.

We should avoid headline and haphazard treatment of unfavorable news but show no hesitation in discussing our problems whenever we can do so in way to put them in proper perspective and show that American people are concerned and working for their solution. If we cannot present American news in such a way and still be honest, then we have no business broadcasting to Russians at all.

I do not think we will enhance our reputation for creditability to any great extent merely by confirming accounts of our weaknesses in the Soviet press, but we might destroy it if we fail to exercise great care to avoid statements which conflict with the only other western broadcast reaching Soviet Union. For instance, Soviet listeners were quick to pick up fact that BBC announced 10 percent price decrease in Paris while our broadcast said 5 percent. One comment was "We always believed BBC. Now we don't know which to believe. Maybe both are untrue."

SMITH

741.61/3-147 : Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

TOP SECRET

U.S. URGENT

LONDON, March 1, 1947—1 p. m.

1396. From Matthews¹ for the Secretary and Under Secretary. After discussing with Bevin the Polish-German boundary question (on which he has an open mind and is prepared to support proposed changes justified on economic grounds to move the frontiers farther to the east), British policy with regard to the treatment of Germany, and the Franco-British treaty (mytel 1395²) he raised the question of the proposed revision of the Anglo-Soviet treaty. He went over the various steps leading up to his messages to Stalin with which you are familiar including references to his conversation with the new Soviet Amba-

¹ H. Freeman Matthews, Director of the Office of European Affairs.

² Not printed.

sador³ on January 27 (a copy of memo was left with you by Inverchapel⁴) and emphasized the points contained in Inverchapel's *aide-mémoire* handed you on February 7.⁵ He referred to his difficulties domestically of declining to consider any revision of the existing treaty. He insisted however that revision would be limited to excluding the obsolete portions of the treaty and said in no case would he consent to going beyond the new Anglo-French treaty. He would likewise insist that any revised treaty contained a reference to our proposed four-power treaty.

He had on his desk a draft for presentation to Moscow which he had not yet read. I asked whether he proposed to submit this draft prior to the Moscow Conference and suggested that he might wish to wait until he had had a chance to talk to you personally before presenting it. He agreed to wait but said he would feel obligated to discuss the question at Moscow with the Soviet Government.

I said that I had been directed to tell him that while we had full and sympathetic understanding of his domestic problems there were certain observations that you felt could usefully be brought to his attention. I said that the Soviet Government had made it quite clear during the past year through its attacks first on one and then on the other of us of its desire to divide the US and Great Britain. I said that a bitter campaign was in fact being waged against US at this time and read him some excerpts from Moscow's telegram 487, February 21. This was certainly one factor behind Soviet interest in "revising" the Anglo-Soviet treaty at this time. Bevin then referred to his statement in the House yesterday that he would permit no one to drive a wedge between British and the US and said emphatically that he meant it.⁶

I said that a further Soviet motive in seeking bilateral treaties of alliance seemed to be to weaken UN though giving it lip service. I believed that he should realize that, whether this is true or not, it could not help but undermine the prestige and standing of the UN in the eyes of the American public and probably that of other countries. The American people, I said, had pinned their faith on the UN to provide the security the world was seeking and to them these bilateral treaties first, the Anglo-French and then a revised Anglo-Soviet treaty, could

³ Georgy Nikolayevich Zarubin presented his credentials as Ambassador of the Soviet Union in the United Kingdom on January 23.

⁴ Not printed.

⁵ *Aide-mémoire* of February 6, p. 528.

⁶ In a speech on foreign affairs on February 27, Foreign Secretary Bevin had declared: "On all questions, our relations with the United States are of the most cordial character, and I can assure the Committee [the House of Commons was sitting as a Committee on Supply] that we, for our part, shall not allow any wedge to be driven between our two countries, and to disturb our friendship." *Parliamentary Debates*, House of Commons, 5th Series, vol. 433, col. 2303.

but seem evidence of a lack of faith in the UN and a reversion to the old outworn system of alliances which had become so discredited and had failed so miserably to give the world peace.

I said furthermore that a revised Anglo-Soviet treaty would likewise give the impression in the United States that Mr. Byrnes' four-power treaty was superfluous. He had asked me whether we intended to push that treaty and had indicated full support. I said that since Soviet opposition to it was presumably to keep the US influence out of Europe any step which weakened support for that treaty was in our opinion unfortunate. I added that a new bilateral agreement with the USSR might give rise to unfortunate American disillusionment at a time when British opinion seemed moving more in the direction of Russia and opinion of the US in the opposite direction.

A further factor which worried us, I said is the time honored Soviet technic of advancing its aims by little steps none of which seemed of sufficient importance by itself to risk a breakdown of negotiations. We were worried lest the sum total of these little steps in this case might not end with a treaty which went far beyond the original desires of the British and which might only serve to bolster the Soviet thesis of "divide and conquer".

Mr. Bevin received these observations with no sign of disagreement: in fact he said he had brought these "dangers" to the attention of his Cabinet associates. It seemed clear to me that he is unhappy at the situation in which he finds himself; it seemed equally clear that he feels compelled to proceed with some treaty revision. He insisted however that if Stalin asks for anything which goes farther than the French treaty he will be in a position (domestically) to break negotiations and intends to do so.⁷

When we left the room his advisers expressed voluble gratification with the line I had taken. I believe the permanent Foreign Office officials are fully aware of the dangers ahead and regret that domestic politics have forced this course.

GALLMAN

⁷ The Ambassador in the United Kingdom, Lewis W. Douglas, reported in telegram 2017 from London on April 2, 1 p. m., not printed, that British Assistant Under Secretary of State Warner had commented that the talks about the revision of the Anglo-Soviet treaty "do not appear to be pushed by the British in Moscow. This, he said, seems to be in keeping with a suggestion made by Foreign Office. Foreign Office had suggested going slow on these talks until it became apparent whether or not agreement would be reached on a pact based on Byrnes' treaty." In telegram 2020 from London at 2 p. m., on the same day, Ambassador Douglas told what Mr. Warner had outlined concerning the subjects which had been covered in the meeting between Foreign Secretary Bevin and Stalin on March 24. Among these, on the "question of the revision of Anglo-Soviet Treaty, Stalin agreed that the talks should get under way." (741.61/4-247)

811.42700 (R)/3-147: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

CONFIDENTIAL

Moscow, March 1, 1947—5 p. m.

598. Personal attention Benton. Following views on how radio program can be improved agreed upon in roundtable discussion attended by Ambassador, ten Embassy officers who have been studying broadcasts and Russian reactions, and radio correspondents Magidoff and Stevens.¹ These views also accord with practically all Russian reactions received to date. Although subject revision as broadcasts continue they represent crystalized opinions based on first 11 broadcasts.

(1) Vital that reception be greatly improved. As temporary measure suggest using recording from Munich for everything except news. This at least worth test. Your 339² encouraging on this matter. In connection with frequencies see technical recommendations in our 503, March 1.²

(2) We have strong impression that, excepting for news, program is pressing to prove that USA is highly cultured. This seems to us deviation from real purpose of program, which is political: in a negative sense neutralization of Soviet propaganda designed to create hostility and contempt for USA; in positive sense creation of goodwill for USA. As OWI waged psychological warfare so IBD must wage psychological peace.

This does not mean that we should lay on our peace loving intention with a trowel. Does mean, however, subtly pointing up whole spoken part of program to idea that USA is fair, progressive and not to be shoved around. Avoid esoteric dissertations on fertilizers and counterpoints.

(3) Not correct to assume that program must be chiefly directed to small group intellectuals especially interested in technical subjects. Upper levels of bureaucracy and skilled workers just as likely to have shortwave radios as intelligentsia. So are many demobilized army officers.

(4) There has been too much solid talk and not enough music. Following program structure was recommended: 15 minutes news followed by 15 minutes light music; during next 20 minutes news commentary or talk on topic general interest followed by musical break and then radio play, dialogue, interview, sports, more music or some

¹ Robert Magidoff was the representative of the National Broadcasting Company, Inc., in Moscow, and Edmund Stevens was the correspondent for the *Christian Science Monitor*, and representative of the American Broadcasting Company in Moscow.

² Not printed.

other entertainment feature, with news repeat and good snappy tune at ending then conclude program with 10 minute technical talk or feature appealing to limited audience or what have you. However, revised program outlined in your 339³ just received looks very good. Have light music follow news. Particularly like repeat of news in condensed form latter part of program.

(5) We cannot hope to cover all news of world and should avoid trying to do so in headline fashion. We must especially concentrate on items of international nature involving USSR which will not be adequately handled in Soviet press. Embassy attitude of handling "unfavorable" items has already been expressed.⁴

(6) We insist that 12 to 15 minutes of entertaining music should follow 15 minute newscast. This music must be gayer and more tuneful, with accent on melodic jazz but also including well known classics by topnotch American performers, operettas, popular music that's not too sentimental, songs like "Tavern in [the] Town" which now banned, music from "Pops" concerts and Sunday evening hours. Also folk music. Suggest also that once weekly we play three or four tunes at top of Hit Parade. We should not hesitate to repeat music which apparently goes over well here. But modern symphonic music and lugubrious oboe solos are definitely out.

(7) Agricultural Attaché⁵ agrees that audience largely urban and therefore any talk on agriculture must be of broad interest or as one of technical part of program. He has not seen shortwave set on any collective farm.

(8) Americans are reputedly masters at popularization of technical subjects and at radio drama. Both badly needed our program. Daily radio play on American family life might become very popular and be best vehicle for getting our story across. Two actors could do it— young veteran and wife finishing university course, for instance. They could buy car, plan trips, discuss cost of living in relation to their income, talk about sports or movies or new books, participate in election campaign, et cetera.

Gilmore's⁶ despatches unfortunate. Feel he takes far too pessimistic view, not held by other correspondents. We have been critical, of course, but we are all intensely interested, enthusiastic, and hopeful. From practical standpoint better not to have too large audience till transmission is improved.

By all means have broadcast story in *Amerika*. Also have prominent box insert in each issue plugging broadcast, with hour, wavelengths, et cetera.

³ Not printed.

⁴ See telegram 563 from Moscow on February 27, p. 537.

⁵ Joseph J. Bulik.

⁶ Eddy Lanier King Gilmore, representative of the Associated Press in Moscow.

I am sending you by pouch, with my comments, valuable and detailed recommendations on *Amerika* by our Russian editor, whom we are now losing.

SMITH

861.00/3-1147 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

CONFIDENTIAL

Moscow, March 11, 1947—2 p. m.

747. Department has undoubtedly been struck by fact that exchange of letters between an obscure Colonel-Professor of a Soviet military academy and Stalin, which took place last year, was not published until current issue of *Bolshevik* (Embtel 716, March 9).¹ We can only speculate regarding reasons for delay in making public this significant exchange on politico-military theory. Most plausible explanation is perhaps that publication is part of current general campaign to bring all ideology more strictly into Stalinist line.

Razin's letter is outstanding example of constricted mentality of many leading Soviet thinkers. Unremitting emphasis on dogma and orthodoxy has produced a medieval scholasticism, effect of which on Soviet life is often underestimated.

This tendency toward Marxist scholasticism is not new. Lenin warned against it. Stalin has also. His reply to Razin is but another criticism of pedantic approach to vital problem of politico-military theory, another demand that Soviet leaders approach Marxist doctrine as a developing ideology to be applied pragmatically and flexibly to changing world conditions.

Therein lies a major Soviet dilemma. Stalin demands intellectual imagination and creativeness in all fields from poetry to strategy. At

¹ Not printed. The letter from Col. Evgeny Andreyevich Razin to Stalin was dated January 30, and Stalin's reply was dated February 23, 1946. Both were printed in *Bolshevik*, No. 3, for February 1947. Translations of both letters were sent to the Department in despatch 976 from Moscow on March 8, not printed. Razin was a professor in the Voroshilov General Staff Academy, who asked Stalin for clarification of two questions: 1. Have not Lenin's propositions in appraisal of Clausewitz' military theories become outmoded? and 2. What attitude must one take toward the military-theoretical heritage of Clausewitz? In his lengthy reply Stalin thought the first question was incorrectly stated. Lenin did not consider himself a military expert. His heirs were not bound by any directives of Lenin limiting freedom of criticism. To the second question, Stalin said it was necessary to criticize the military doctrines of Clausewitz. Under present military science in the machine age of war, he had become outmoded as a military authority, and new military ideologies were required. "It is ridiculous to take lessons now from Clausewitz." Stalin took occasion in this letter to administer an apparent rebuke to extravagant laudation of himself: "Dithyrambs in honor of Stalin grate on [the] ear—they are simply embarrassing to read."

same time, he insists on strictest adherence to vaguely defined orthodoxy, deviation from which is punished without mercy. Result of these conflicting demands on the Razins of Russia—and they number in the millions—is to toe orthodox line and leave creative excursions to those in Kremlin, those who know Stalin's interpretation of changing world conditions. It should be added that persons engaged in physical sciences are by and large exempt from this dilemma.

Only new concept advanced in Stalin's reply to Razin was that dithyrambs in Stalin's honor are embarrassing to read. Having permitted for years an unrelenting flood of florid adulation, this apparent manifestation of modesty might come as a distinct surprise to the reader were it not followed by another paragraph inviting by implication, a dithyramb on the Stalinist concept of the counter-offensive. However, there have recently been symptoms of a trend towards de-emphasizing himself and spreading apparent authority among his disciples.

It has recently been apparent that Stalin regards himself as a strategist superior to his marshals. In his reply to Razin, however, he plainly implies that he is a greater strategist than either Lenin or Clausewitz. He obviously considers himself as the great master of strategy of retreat and counteroffensive.

Finally, it is not surprising that Stalin stressed again, by [*the?*] direct connection between war and politics, and it is illuminating to apply what Stalin has to say in this letter about military strategy to political situations, particularly with regard to strategy of retreat and counteroffensive.²

Copies of exchange are being forwarded to indicated missions by pouch.

Department repeat to Nanking and Tokyo.

SMITH

² Stalin's reply elicited interest within the Department of State. Mr. Thompson, Chief of the Division of Eastern European Affairs, wrote in a memorandum of March 12 that recent reports on internal conditions within the Soviet Union "are sufficiently disquieting to justify the hypothesis that the pressure of internal events may be such as to force the Politbureau [the Political Bureau of the Central Committee of the Communist party] to consider a less aggressive position in foreign policy to concentrate on internal problems. If such is the case, then Stalin's letter would serve to prepare the faithful for such a change of course and would indicate to them that it was merely a tactical retreat." (861.00/3-1247) There was also a pertinent article in the *New York Times*, March 9, 1947, p. 14, col. 1.

811.42700 (R)/3-1647 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

RESTRICTED

Moscow, March 16, 1947—3 p. m.

840. For Benton. ReDeptel 448, March 10.¹ Content of broadcasts has distinctly improved and they are living up to policy outlined in your 426.¹

I think you will be particularly interested in reactions in my 800, March 14.¹

Following is comment which you may wish to use for background with the committee. On the other hand I do not feel that it is advisable for me to make any formal statement for release to press. Any formal statement of the effectiveness of our program might cause adverse repercussions here.

Voice of USA Russian language broadcast has distinctly improved since initial programs. However, programs are still in experimental stage; we are still carefully feeling our way. I know that the Dept will make further improvements as more information is obtained regarding reactions.

Although no publicity has been given to program in Soviet press or radio KCMA it is gratifying to learn that news of program has spread and that it is listened to not only in Moscow but also in outlying provincial cities.

Reception continues to be the problem. But I understand that efforts are being made by Dept State to improve transmission.² Although reception now is not perfect, experiments with a medium strength Soviet radio purchased in a Moscow department store have proved that our programs even at present are understandable on radio sold to Soviet public.

There is no question in my mind that our Russian language news broadcasts are of great interest to Soviet listeners. We already have indications that this program has corrected certain misconceptions regarding USA. A continuation of this program will make a solid contribution to friendly understanding between American and Soviet people, which understanding is one essential basis for continuing peace. There is also no question that as soon as we have solved transmission

¹ Not printed.

² Assistant Secretary of State for Public Affairs William Benton made a statement on March 29 about the considerably improved reception of Voice of America programs in the Soviet Union. Following experiments and investigations it was discovered that the antenna of one transmitter in Munich had been sabotaged, and this condition had been corrected on March 25. For text of this statement, see Department of State *Bulletin*, April 6, 1947, p. 624.

difficulties to the extent that listening becomes relatively easy, we can command a large and extensive audience.³

BBC is listened to with the greatest interest all over the Soviet Union, and we can do as well. Do not overlook the important by-product of these broadcasts to Russia which we get from the thousands of listeners in the satellite states on the Soviet periphery. In some respects this is even more important, as these people are more receptive, although not more anxious to learn of America than are the Russians.

SMITH

³ After much discussion of contents and alternative times of presentation between the Department and the Embassy in the Soviet Union, near the end of the year three ½-hour programs were being broadcast to Moscow and the western portion of the Soviet Union at 9 p. m., 9:30 p. m., and midnight, Moscow time. A new broadcast to Vladivostok and the Maritime Province in eastern Siberia, at 9 p. m., Vladivostok time, was started on December 1. For the text of a press release of December 1, see Department of State *Bulletin*, December 14, 1947, p. 1196.

811.42700 (R)/3-647: Telegram

The Acting Secretary of State to the Embassy in the Soviet Union

RESTRICTED

WASHINGTON, March 17, 1947—4 p. m.

540. Emb reports radio broadcast continue most important guide program experimentation. Consequently concerned that detailed comment has been greatly reduced. Reaction Russian woman monitor helpful but should be considered only supplementary and not report in itself. Need same superb type reports supplied first two weeks. Helpfulness these cannot be exaggerated. Fully recognize heavy load which detailed reports place on Emb but would appreciate continuation until clear all major bugs out of program.¹ Particularly want comment content news and features which has been completely lacking recently. Also reaction to music as requested earlier. Are interested in favorable as well as unfavorable criticism as this will show when we on right track. Need urgently for Congress all data feasible on Russian audience such as given in Embtel 686 Mar 6.² Emb should note

¹ In the beginning reports on broadcasts of the Voice of America programs with evaluations of the contents and the reception, program criticisms and recommendations, and the reaction of Russian listeners, were sent nearly every day to the Department from the Embassy in the Soviet Union. Early in May as improvements took effect the Department suggested that a weekly summary would be sufficient for the most part.

² Not printed. This telegram reported that a "cultured Soviet executive type" person from a provincial industrial city near Moscow declared that he and many of his acquaintances listened regularly to Voice of America broadcasts, chiefly for news, but would also like to hear more music. Reception of the program on an ordinary radio short wave set of German manufacture was not bad. (811.42700 (R)/3-647)

again that failure Dept to acknowledge each Embtel not indication Dept less interested Emb reaction.

ACHESON.

711.61/3-2747

The Director of the Office of Public Affairs (Russell) to the Under Secretary of State (Acheson)

CONFIDENTIAL

[WASHINGTON,] March 27, 1947.

MR. ACHESON: In my talk with Mrs. Roosevelt¹ there was a rather wide coverage of the problem of U.S.-U.S.S.R. relations, but two principal points emerged:

(1) Mrs. Roosevelt feels very strongly that Secretary Marshall or President Truman should meet with Marshal Stalin to effect an over-all solution of the problems between the two countries. I told Mrs. Roosevelt that such an effort had been made at Yalta but that it had not turned out to be very successful and that we had been retreating ever since. I said that it was our feeling that before a further thoroughgoing exploration with the Russians would be fruitful it was necessary to indicate very clearly that we did not intend to retreat any further. I said that the present program in Greece was an important part of our effort to indicate to the Russians that we had stopped retreating. I said that I had no direct knowledge from either you or General Marshall that an effort would be made to sit down with Stalin and work out our problems, but that I was nevertheless convinced that that was the intention. I said that we believed that the Russians think and act only in terms of strict realism and that we are trying to deal with them on those terms. Mrs. Roosevelt said that if this was the explanation of the Greek program she agreed with it and was willing to leave it up to Secretary Marshall's judgment as to when the over-all approach should be made to Stalin.

Mrs. Roosevelt felt at the beginning of our discussion that the President should have stated more explicitly in his March 12 speech² exactly what the situation was. I assured her that that question had been gone into very thoroughly in the State Department and that it was our feeling that, having the purposes which I had mentioned in mind, it was not wise to go any further than the President did in analyzing the situation; and that the "two ways of life" formula pitched our action on a basis that was both realistic and defensible

¹ Mrs. Eleanor Roosevelt, widow of President Franklin D. Roosevelt.

² For the text of the message delivered before a joint session of the Congress on Greece and Turkey (the Truman Doctrine), see Department of State *Bulletin*, March 23, 1947, pp. 534-537. Documentation on United States economic and military aid to Greece and Turkey is presented in volume v.

from the point of view of an over-all peace objective. Although Mrs. Roosevelt did not specifically concur in this statement, it was my impression that she was inclined to agree with it after I had stated it.

(2) Mrs. Roosevelt took very definite exception to the Executive Order dealing with the elimination of Communists and fellow travelers from the Government. She said, after we had been talking some time, that she went along with the Greek policy but that the Executive Order and other similar actions by the Administration undercut our position abroad and weakened our reputation as a true and strong democracy. She said that she thought it was the responsibility of the State Department to demonstrate to the President that our domestic policies must fortify our efforts to sell democracy abroad. I told Mrs. Roosevelt that that was a rather large order for the State Department and that we were kept fairly busy keeping up with the problems of straight foreign policy. I said that I thought that she and other prominent citizens and the groups to which they belonged could play a very important role in that respect. Mrs. Roosevelt urged me, however, to impress upon the Department the point which she had just made.

I spent about an hour and a quarter with Mrs. Roosevelt. She was very cordial throughout and I left with the definite impression that she not only would not take any action to embarrass the Administration in its Greek policy, but on the contrary endorsed it, provided it is regarded as constituting a step toward an effort at thoroughgoing discussions with the Russians as soon as the Secretary may feel that an opportune moment has arrived.

As far as I know the only person in addition to Mrs. Roosevelt, you and myself who know of my visit are Richard Winslow,³ the Secretary-General of our delegation in New York who was present when the calls came in to me from you and from Mrs. Roosevelt, and who had already heard of Mrs. Roosevelt's call of the previous day to you; my secretary; and two or three people on your staff.

F[RANCIS] H. R[USSELL]

³ Secretary-General of the United States Mission to the United Nations.

811.917 America/3-3147: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

CONFIDENTIAL

Moscow, March 31, 1947—3 p. m.

1106. Personal for Benton from Smith. Your note of March 18 mentions Secretary Byrnes' apprehension we might lose magazine

Amerika.¹ This disturbs me very much. Magazine is constantly improving and becoming better known, and there is a terrific demand for it.² As I told you in a previous message, we could have a subscription list of a quarter of a million if Soviet Govt would allow us to do so. It would be a tragedy if this one sure source of information to Soviet people on life in America were discontinued. Confidentially, I can tell you that single sheets of this magazine are sold on black market for price of average magazine in US.

SMITH

¹ *Amerika* was an illustrated magazine in the Russian language published by the Office of International and Cultural Affairs of the Department of State for distribution and sale in the Soviet Union.

There was some apprehension that funds for the publication of this magazine might be reduced by committees of Congress. Ambassador Smith argued forcefully for the continuance of the periodical in telegram 2612 from Moscow on August 9, 1 p. m., suggesting that it might be in the national interest to save the magazine by curtailing some of the OIC operations at several other missions. (S11.917 America/8-947)

² Ambassador Smith had reported in telegram 642 from Moscow on March 4, 6 p. m., that during the past week the first general public sale of the magazine had taken place in Moscow at about 12 public newstands. The current issue, No. 8, and back numbers were being sold out rapidly while purchasers were lining up. (S11.917 America/3-447)

811.42761 SE/4-747: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, April 7, 1947—3 p. m.

1222. 1. Embassy appreciates Justice Department's interpretation Foreign Agents Registration Act, accords fully with purpose thereof and provides that protection for which Act was conceived. As it affects Soviet visitors, particularly those subject of cultural exchanges, it of course precludes giving Soviet Government absolute assurances it presumably desires, yet it could not give rise to any justifiable criticism in US or elsewhere providing Act is carefully and consistently applied.

Our inability to give such assurances may be used by Soviet Government as excuse for not entering into exchanges we seek, but that possibility should not be over-emphasized as in matters of this kind we believe such a consideration would not be determining factor with Soviet Government but rather a convenient out for that Government if it sought one. Following receipt of Department's 207, February 10, I addressed letter to Vyshinski (reported in Embassy despatch 857, February 14¹) explaining in brief essence of Act. Assurances contained in that letter should prove adequate with respect to any sincere

¹ Not printed.

desire on part of Soviet Government to develop cultural exchanges with US.

2. I am now extending invitation to Soviet Government for visit of 50 Soviet scholars (Deptel 5, January 2 and Embtel 45, January 8²) indicating requirement for reciprocity and fields of learning from which individuals to be selected. I am not proposing specific candidates by name as I believe it undesirable to afford Soviet Government opportunity (in improbable event it accepts our proposition) to select American scholars to visit USSR. Its selections would presumably tend toward politically sympathetic individuals who would not be truly representative of USA while on its own side Soviet Government can be counted on not to permit travel abroad of any person no matter how distinguished, whom it does not deem politically secure.

SMITH

² Neither printed.

861.9111 R. R./4-747: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

Moscow, April 7, 1947—3 p. m.

1224. Soviet press April 5 carries following answers by Molotov to questions presented by Johannes Steele:¹

1. *Question:* Do you consider that American proposals in regard to political organization Germany will lead to this country's dismemberment?

Answer: Such danger exists.

2. *Question:* What in your opinion will be consequences of such decision?

Answer: Consequences such decision will be undesirable because they could give German militarists and revanchists opportunity to take in their own hands matter of unific[ation of] Germany as occurred, for example, under Bismarck.

3. *Question:* Do you consider compromise possible between Russian proposal on German unity and American proposal on federalization?

Answer: I do not exclude this possibility if it can be agreed that German people itself decide question of federalization by means of plebiscite.

4. *Question:* Will reparations from Germany in amount 10 billion dollars be sufficient cover to some extent essential portion damage caused by German invaders?

¹ German radio commentator and newspaper writer.

Answer: This would of course be little for Soviet Union but could nevertheless give certain satisfaction to Soviet people.

5. *Question:* Are reparations primarily economic or moral question?

Answer: Reparations important from one viewpoint and other.

6. *Question:* Who has received most reparations up to present moment Great Britain, USA, or Soviet Union?

Answer: Without doubt USSR has received far less than Allies.

7. *Question:* In what manner can German peacetime production be raised so reparations might be paid from current production?

Answer: By means certain increase of level peacetime industry of Germany so portion production (metal, coal, et cetera) might go to payment reparations to countries which have suffered.

8. *Question:* How can democracy best be restored in Greece?

Answer: Best way is renunciation of foreign intervention in Greece's internal affairs.

9. *Question:* Do you consider that American policy proposed by President Truman in regard Greece will restore democracy in Greece?

Answer: I very much doubt it as many others doubt.

10. *Question:* Do you believe that Moscow Conference Foreign Ministers serves useful purpose and will lead to any concrete results?

Answer: It is desirable that Moscow Conference bring maximum benefit to our common cause but this depends not only on Soviet delegation. At all events Soviet delegation will do everything dependent on it so that conference give favorable results.

SMITH

861.404/4-847: Airgram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

RESTRICTED

Moscow, April 8, 1947.

A-409. Embassy officer who visited famous Troitskaya Sergeyevskaya Monastery at Zagorsk about 65 miles from Moscow, in 1944 and again recently reports following information on development of this monastery.

In 1944 monastery did not exist as religious society, had no resident monks, and religious services were apparently not being held there. Churches were used as museums. In 1945 and 1946 religious society of monastery was reestablished. There are now 35 monks living there. Services are held regularly during the winter in one of the cathedrals which can be heated, and during the summer also in the Cathedral of the Assumption. The third cathedral, the oldest and smallest, is not used at all for religious services at present time, but abbot of monastery expressed hope that it also would be available for services in future.

Abbot also stated that: 1. This monastery is to become residence of Russian Orthodox Patriarch. 2. There are now 92 orthodox monasteries operating in the whole Soviet Union. 3. Orthodox Spiritual Academy, now located at a Moscow monastery, is to be moved to Zagorsk. This academy trains orthodox priests.

Twelve thousand believers are expected to attend the Easter service on midnight of April 12. Visitors are to come from all over Soviet Union and a large part of audience will come from Moscow for this occasion.

All monastery buildings remain state property and are a museum under jurisdiction of State Committee on Arts. Monks have full right to use buildings assigned to them for services, living quarters, etc. and pay no rent. State maintains buildings and has 7-year plan for expenditure of 21,000,000 rubles for complete restoration and repair of monastery. Immediate repairs, however, necessary for religious use of buildings must be financed by monks from their own funds, and must be approved by representatives of Committee on Art in order to assure proper preservation of artistic values of property.

For instance, in Cathedral of Assumption it is forbidden by Committee on Art to burn candles which will damage old frescos. Committee on Art has apparently assigned Academician Grabar, best-known Soviet art historian, as consultant on restoration and supervision of monastery. Relations between Committee of Art authorities and abbot of monastery apparently cordial.

Thus indications are that this monastery is flourishing and will in not distant future become a principal center Russian Orthodox Church activity and also probably showplace for foreign visitors used to demonstrate thesis, which has propaganda value to Soviet State, that freedom of religion exists in USSR.

SMITH

032/4-1447 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, April 14, 1947—2 p. m.

1343. Stassen told us in confidence about his talk with Stalin.¹ Most significant fact about conversation was that Stalin on at least three

¹ This interview was held in the Kremlin on April 9, between 11 p. m., and 12:20 a. m. Harold Stassen and Stalin were each accompanied by other persons. Each side took notes, which were exchanged, and Stalin gave permission for publication of the interview at its close. It was printed in the American press on May 4. For text, see *The New York Times*, May 4, 1947. A different Tass version appeared in the Soviet press on May 8, because it was declared that the American account contained a number of arbitrary alterations and inaccuracies. After subsequent comparison had been made it seemed that the versions, although differing, did not show serious discrepancies.

occasions asked Stassen about economic situation in US and was very anxious to know whether Stassen expected a depression and what we are doing to head one off. Stalin's [concern?] with economic situation in US, coupled with continuing Soviet press discussions of predictions of American economic crisis and depression, apparently reveals fundamental basis of present Soviet policy and tactics regarding Germany, Austria, Korea and other friction points. Kremlin apparently believes that by using delaying tactics and preventing economic stability in areas where they can exercise any influence or control, they can bring effective pressure on US by causing US to continue to pour considerable sums to bolster weak economic systems. They believe that the American public will rebel against these expenditures when the depression which they hope for finally arrives, and that we shall then be forced to withdraw our economic aid and curtail our military strength to such an extent that we shall no longer be able to offer any effective opposition to Soviet efforts to establish complete control in areas which they consider of major interest.

SMITH

Editorial Note

While attending the Council of Foreign Ministers at Moscow (March 10–April 24), Secretary of State George C. Marshall had a lengthy conversation with Generalissimo Stalin on the night of April 15. In addition to the discussion of particular problems, the Secretary explained to Stalin that many actions by the Soviet Government were having a bad effect on American public opinion and were causing a deterioration in American feeling for the Soviet Union. For the report of this meeting, see the memorandum of conversation of April 15, Volume II, page 337.

861.00/4–2347: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

CONFIDENTIAL

Moscow, April 23, 1947—6 p. m.

1515. 30th anniversary of Lenin's April theses¹ was marked by con-

¹ Lenin's famous statement proclaimed on April 17, 1917, in Petrograd the day after his return from exile, published on April 20, wherein he opposed the continuation of the imperialist war and support of the bourgeois Provisional Government in Russia, and advocated the establishment of a Soviet republic.

siderable press comment (Embtel 1516, April 23²) including pointed observation by *Pravda* that theses are applicable to current world situation, a comment which Communist Party leaders abroad will take as an injunction.

What Lenin said in April 1917 may be divided into 3 parts. (1) Analysis of situation: Russian revolution was in transitional stage between bourgeois and proletarian rule. Two powers existed—provisional government representing bourgeoisie and Soviets of workers deputies representing masses. But masses, influenced by capitalist promises and concessions, were backsliding from revolution. And workers Soviets were being disrupted by Social Democrat inclinations toward nationalism and moderation. (2) Program: Repudiating a parliamentary republic Lenin demanded republic of Soviets of workers and peasants deputies. He called for nationalization of land, banks and syndicates. He demanded creation of a new international. (3) Tactics: As revolution had bogged down and party was too weak immediately to seize power, tactics were to intensify propaganda against Social Democrats, fight by conspiratorial means for control of Soviets, undermine government and thus lay groundwork for overthrow of government and seizure of full power.

In current world situation April theses appear particularly applicable to France and central European states, countries in which Communists are poised between capture and loss of power. By transposing certain phrases—"trade unions" or "democratic organizations" for "Soviets"—Lenin's analysis, program and tactics can be applied to these states. His insistence that "true internationalism" consists of "relentless war against one's own imperialist government—one's own imperialist bourgeoisie" can today be pointedly applied to French Communist Party strained by issues of nationalism and empire interests.

April theses can also be applied to general world situation in two respects. (1) New American policy of extending aid to peoples threatened by Communist revolutionary tactics, whether in Greece or Korea, may be interpreted as capitalist attraction and deception of masses described by Lenin, must therefore be countered by concentrated propaganda attacks. (2) AFL, right-wing CIO, British Labor Party and similar bodies are successors to "Social Democrats" and "The

² Not printed. This telegram summarized the article "Historical Significance of April Theses of V. I. Lenin," which appeared in *Pravda* for April 17, 1947, written by Boris Nikolayevich Ponomarev, a propagandist and theorist of the Communist party.

Center" whom Lenin denounced as "class enemies". Not being strong enough to resist these forces by direct action, Communists are enjoined to intensify propaganda and political tactics against them. Latter includes not only illegal infiltration and machinations but also setting up of international organizations, such as WFTU and international women's organizations, which if they do not constitute a new international, at least in case of WFTU represent a new and more effective Profintern.³

In overall appraisal we would say that revival of April theses line seems to indicate that Kremlin views present world situation less with confidence than with concern. Issue in Kremlin's mind during this period of political warfare is: Which will capture allegiance of ordinary people of world—communism or democracy? ⁴

Two main obstacles to ideological capture of world masses by Communists are (1) new American policy, and (2) activities of Social Democrats and non-Communist liberties [*liberals*] throughout world. It is against these two forces that Kremlin will most directly intensify its ideological offensive.

Full comment follows by despatch.⁵

Department repeat Nanking, Tokyo.

Sent Department 1515, repeated London 182, Paris 170, Berlin 321, Rome 47.

SMITH

³ The Red International Council of Labor Unions created by the Bolsheviks.

⁴ In despatch 1180 from Moscow on April 23, not printed, this comparison of the situations was expressed: "As in the summer of 1917, tactics now being pursued are those designed to build up party strength to the point where it can seize power. *Pravda* concludes its comment on the Theses by referring to present 'productive anarchy and deepening crisis' of capitalism and then pointed out that in 1917, by following Lenin's tactics, the party gained sufficient strength by November to undertake the overthrow of the Government and successfully to seize power." (861.9111/4-2347)

⁵ Not printed; copies of this despatch (1180) were sent to 41 missions, and 30 copies were sent to the Department.

741.61/4-2547 : Airgram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

SECRET

LONDON, April 25, 1947.

A-956. UK-USSR; Revision of Anglo-Soviet treaty.

UK FonOff official charged Soviet affairs in discussing present status current negotiations at Moscow for the revision of the Anglo-Soviet treaty (as of April 21) makes following observations:

1) With conclusion of CFM Conference, negotiations will continue with Ambass Peterson in charge for UK. Altho Bevin has been in Moscow, the Anglo-Soviet talks on treaty revision have been carried on between Peterson and Vishinsky, thus set-up and procedure will continue the same unless Molotov takes over from Vishinsky.

2) Both UK and USSR presented drafts of proposed treaty revision. Discussions so far have been largely on basis of the Soviet draft which contained several vague provisions (in usual Soviet fashion) which, if accepted, might later provoke differences in interpretation with resultant difficulties. FonOff has sought to avoid accepting any such provisions. Soviet draft likewise contained two main provisions to which UK objects, namely: (a) provision UK would go to war with any country which joined Germany in attack on USSR and (b) provision UK would not join in any bloc or action directly or indirectly aimed at USSR. Both these proposed provisions would run counter UK policy and might be productive of future difficulty. Under (a) UK prefers the Byrnes treaty or something more specific which would enable London to know just how far it was bound and under (b) intolerable intrusions and criticism by USSR of normal democratic actions might result.

3) UK so far has during talks stood off Soviet proposals which Vishinsky did not push very firmly. Present status of talks is that Soviet draft has been considered and not found acceptable by UK and UK draft (apparently Vishinsky had not studied this), slightly amended but still sticking close to Dunkirk Anglo-French treaty text, is now being studied by the Soviet side which will make the next move in contacting Brit Ambass when prepared to discuss it.¹

Official seemed to feel talks were going slowly and was somewhat concerned that the Byrnes proposal upon which UK policy regarding Anglo-Soviet alliance is based was not acted upon at Moscow.² He likewise stated UK leftists in Parliament and the press would not be likely to allow slowness in arriving at a revised treaty to go without caustic comment.

DOUGLAS

¹ The Chargé Lewis Clark, Counselor of Embassy at London, reported to the Department in telegram 4355 on August 12, 7 p. m., not printed, that British Assistant Under Secretary of State Warner had told him that the "Anglo-Soviet alliance was completely dormant at the moment." Either side could re-open the subject, but the British "certainly had no intention of doing so for the time being." Ambassador Peterson believed that it would not be brought up by Soviet officials. (741.61/8-1247)

² British Assistant Under Secretary of State Warner had told Ambassador Douglas, as he reported in telegram 2304 from London on April 18, 6 p. m., not printed, that the discussions on the four power treaty proposal at the Council of Foreign Ministers meetings in Moscow had proved "abortive". (741.61/4-1847)

800.00B International Red Day/5-347: Telegram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

RESTRICTED

Moscow, May 3, 1947—noon.

1640. Soviet press May 1 publishes Bulganin's¹ order of day as Minister Armed Forces and May 2 Budyenny's² speech on Red Square calling on armed forces to fulfill tasks laid upon them by Stalin. Ideological significance May Day is publicized this year with increased emphasis on necessity for national strength and vigilance in face capitalist menace.³ Soviet people were exhorted in numerous editorials strengthen national economy by further feats production and to make concern for Soviet armed forces their "sacred duty".

Half page *Pravda* cartoon with verses by Marshak shows Churchill, De Gaulle, Uncle Sam, Hearst, Franco, Turk and Greek in provocative poses behind "optical illusions of democracy": Churchill waving fire-brand, De Gaulle supported by capitalists, Uncle Sam with pockets full of atom bombs strangling chained negro on whose back he rides, Hearst shooting ink gun, Franco standing armed on sack of pounds sterling and Turk and X-ite⁴ Greek with bomb kneeling on sacks of dollars. Uncle Sam's verse reads in part: "He calls himself a Democrat (Democratom), but reader don't forget, leave only 'atom' in the word, and cross out the rest!"

Ilya Ehrenburg⁵ in half page *Pravda* article, "Law of Nature", launches most virulent attack yet to appear in Soviet press on new American policy. Ehrenburg directly associates President's speech with Churchill's at Fulton,⁶ adding: "before Fulton and Washington there were Piazza Venezia balcony and Berlin Stadium". He states that while Monroe Doctrine was formerly directed against European intervention in American affairs, President's interpretation is no European intervention in European affairs. Likening Americans to hypocrites carrying "bomb in one pocket and Easter egg in other", he cites

¹ Nikolay Alexandrovich Bulganin, Marshal of the Soviet Union, Minister of Armed Forces from March 1947.

² Semen Mikhailovich Budyenny, Marshal of the Soviet Union, member of the Central Committee of the Communist Party, and Deputy Minister of Agriculture.

³ In commenting upon the slogans which had been devised for May Day, Ambassador Smith stated in telegram 1565 from Moscow on April 26, 1 p. m., not printed, that this year's slogans followed very closely those of the year before. Some "significant changes lie in more alarmist tone of new appeal for campaign against aggressive imperialism, 'false democrats' and inciters to new war, and in substitution of phrase 'cooperation of peoples' for that of 'cooperation of peace-loving states'." (800.00B International Red Day/4-2647)

⁴ A royalist terrorist organization in Greece.

⁵ Ilya Grigoryevich Ehrenburg was a prominent literary writer and journalist in the Soviet Union.

⁶ Concerning the reaction to Mr. Churchill's "iron curtain" speech delivered in Fulton, Missouri, on March 5, 1946, see telegrams 751 from Moscow on March 11, and 809 from Moscow on March 14, 1946, *Foreign Relations*, 1946, vol. VI, p. 712 and p. 716.

Lippman on American hypocrisy which makes US hide strategic plans for campaign against USSR behind talk of defending democracy in Greece and Turkey.

Numerous editorials call upon country to gird itself for further exploits in field of production. *Pravda* editorial "forward to complete victory Communism in our country", proclaims that "only people freed from chains of capitalist servitude" and "only Soviet Socialist system of economy free from incurable illnesses of capitalism" can carry out such productive feats as Soviet people. It concludes with Stalin's familiar warning, likewise featured last year:⁷ "We must not for minute forget intrigues of international reaction, which is nurturing plans for new war. It is necessary remember instructions of Great Lenin that while turning to peaceful labor it is necessary constantly be on alert and guard like apple our eye armed forces, and defensive capacity our country."

Department please repeat Paris as Moscow's 188.

DURBROW

⁷ For comments on Stalin's Order of the Day for May 1, 1946, see telegram 1401 from Moscow on May 2, *Foreign Relations*, 1946, vol. VI, p. 750.

861.911/5-847: Telegram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

RESTRICTED

Moscow, May 8, 1947—5 p. m.

1698. As Department is aware from many press telegrams sent in past several months, an intensive and growing campaign has been carried on to discredit American institutions and policies. This is exemplified by all-out campaign to discredit American press. Not only has intensive publicity been given to play "Russian Question" ¹ vilifying American press, which is playing to audiences throughout country and was recently put on in Berlin, but numerous extremely critical articles are appearing periodically on the same theme. There are no indications that this smear campaign is letting up.

¹ "The Russian Question" was an anti-American play by Konstantin Mikhailovich Simonov. The Embassy in Moscow informed the Department in despatch 1184 of April 25, not printed, that the play had been planned for production early in the year in some 500 theaters throughout the Soviet Union, and that it had been much extolled in the daily newspapers and in the literary publication *Culture and Life*. In airgram A-1388 from Moscow on December 22, not printed, Stalin's attendance was reported at a performance of the play at the Moscow Art Theater on the 19th in the company of Politburo members Molotov, Zhdanov, Beriia, Malenkov, Kaganovich, and Voznesensky. The comrades had "expressed their approval of its unsubtle sallies with loud applause." (861.002/12-2247)

Following are possible reasons for this continuing attack on press:

1. To discredit "western influence" as part of Zhdanov's ideological campaign started last summer² by endeavoring show freedom of press does not exist in western world.

2. To give the impression that only Soviet public is told whole truth and thus counteract possible feeling among people that repetitious Soviet press doggerel does not represent factual picture of world events.

3. To counteract possible taste for western type press acquired by Soviet soldiers stationed central Europe who have access to western press.

4. To counter effectiveness of objective, factual reporting on British and American, Russian broadcasts which are obviously effective in view of Ehrenburg's and other attacks against these programs.

5. To give impression that if American public obtained "true picture" of Soviet's peaceful motives there would be no fear of war and thus it would not be necessary to exhort Soviet people to superhuman efforts to build up war potential instead of concentrating on producing consumer goods and raising Soviet standard of living.

6. To conform to party line that it is only American reactionary leadership in league with "vicious" American monopoly capitalist press who distort Soviet motives and policies in effort to wean mass of American public away from their natural sympathy, understanding and admiration of Soviet Union and their basic disagreement with the Truman policy.

7. As directive to assist Communist-controlled press abroad in its efforts to discredit factual free press picture world events and frank discussion Soviet motives. The intensity and widespread nature of this campaign, which is bound to have far-reaching effects unless counteracted, constitutes, of course, most pungent argument why it is essential for US to continue objective, factual reporting to USSR and European countries by "Voice of America" programs and why, considering popularity of magazine *Amerika* we also should continue to use this medium to depict a true picture of American life and institutions and point of view.

DURBROW

² Concerning this attack launched under the leadership of Andrey Alexandrovich Zhdanov against the Leningrad writers and intellectuals, see telegrams 3284 from Moscow on August 22, 1946, and 3290 from Moscow on August 23, 1946, *Foreign Relations*, 1946, vol. vi, pp. 774 and 776.

125.0061/5-1547

The Ambassador of the Soviet Union (Novikov) to the Secretary of State

[Translation]

No. 76

WASHINGTON, May 15, 1947.

SIR: Pursuant to instructions from the Government of the Soviet Union, I have the honor to inform you that the Soviet Government, in compliance with the request of the Government of the United States transmitted by Mr. Smith, Ambassador of the U. S. A. in the U. S. S. R., for authorization to open an American Consulate at Leningrad, has found it possible to authorize the establishment of such a Consulate at Leningrad.¹

I should be grateful to you, Mr. Secretary, if you would so inform the Government of the U. S. A.

Accept [etc.]

N. NOVIKOV

¹ The Department of State informed the Embassy in the Soviet Union in telegram 1193 on May 19, 7 p. m., not printed, of this note of acceptance from Ambassador Nikolay Vasilyevich Novikov of the 1946 request. The Embassy was asked to take up the question of obtaining adequate office and living quarters in Leningrad with the appropriate authorities because of the desire to open the consulate at the "earliest practicable date." (125.0061/5-1547) For the text of the Department's press release of June 16, on the prospect of opening a consulate in Leningrad, see Department of State *Bulletin*, June 29, 1947, p. 1307.

The note of the Embassy of the Soviet Union was acknowledged on June 11, wherein the pleasure of the United States Government was expressed as well as the intention "to open a consulate general in Leningrad as soon as the necessary arrangements can be made." (125.0061/5-1547)

361.1163/5-1647

Memorandum of Conversation, by the Chief of the Division of Eastern European Affairs (Thompson)

[WASHINGTON,] May 16, 1947.

Mr. Doyle¹ inquired whether the Department had received any reports unfavorable to Father Laberge,² the American priest who is in charge of the French Catholic Church in Moscow.³ When I stated that I had not, he said that Father Laberge's superiors were somewhat concerned over the reports which had reached them to the effect that he was too pro-Soviet and he had on several occasions done things which assisted Communist propaganda. He mentioned the report that

¹ Michael Francis Doyle, of Philadelphia, Pa., was an influential Catholic layman.

² The Reverend George Antonio Laberge had arrived in Moscow on October 26, 1945, in succession to the Reverend Leopold Braun. Concerning the difficulties encountered in effecting the replacement, see *Foreign Relations*, 1945, vol. v, pp. 1124-1131 *passim*.

³ Church of Saint-Louis-des-Français.

Father Laberge had allowed himself to be filmed in his pulpit for a Soviet propaganda picture in which he had made a statement regarding the complete freedom allowed him and his church in Moscow. Mr. Doyle asked if I thought there would be any difficulty in the event that Father Laberge's superiors decided to replace him.

I replied that while there would likely be considerable delay I thought that a visa for a replacement could be obtained if it were made clear that he was to be a replacement and that Father Laberge would leave promptly upon the arrival of his successor.

Mr. Doyle said he understood that the French Government had arranged to send a priest from another order⁴ presumably to take charge of the French church now administered by Father Laberge. He presumed that while the new priest would be in charge, the American priest would remain. He said that Father Laberge's superiors were disturbed about this and were apprehensive that it might not be entirely divorced from French politics. Their fear was that the motive was to have a French priest in Moscow who could influence French Catholics in favor of the Soviet Union.

I pointed out that the new French Government had been constituted without Communist participation and said that the Ramadier Government⁵ would probably not be willing to lend itself to a maneuver of this kind. On the other hand, I thought it understandable that the French Government would want to have a French priest in charge of a French church in Moscow. I suggested that Mr. Doyle obtain any further information he could through church channels.

Mr. Doyle promised to keep the Department fully informed.

L. E. THOMPSON

⁴The incumbents had hitherto been members of the Assumptionist Order, a religious congregation called Augustinians of the Assumption, founded in 1844.

⁵Paul Ramadier had become French Premier on January 21, in succession to Léon Blum.

811.50/5-2047: Telegram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

CONFIDENTIAL

Moscow, May 20, 1947—5 p. m.

1832. My next following telegram (1841 May 20¹) contains summary of long article by authoritative Soviet economist Varga² denounc-

¹Not printed. The telegram number has been changed on the Department's file copy from 1833 to 1841. Telegram 1841 contained an extensive summary of the article entitled "Geneva Conference on Question [of] World Trade" in the periodical *New Times* for May 16, 1947.

²Yevgeny (Eugene) Samoylovich Varga was the Hungarian-born famous Soviet economist, Academician, and Director of the Institute of World Economics and World Politics in the Academy of Sciences of the Soviet Union until October 1947.

ing American economic policy, free trade, and our efforts at Geneva World Trade Conference.³ Attention particularly directed to last paragraph regarding non-participation Soviet Geneva Conference, which "indicates only that questions discussed at Geneva have no direct interest to Soviet Union, in view existence state monopoly foreign trade, fundamental element Soviet economic system".⁴

This presentation is of particular interest, as it constitutes what would no doubt be Soviet position, should they eventually accept invitation to participate in ITO and leads to inescapable conclusion that purpose of such participation would be primarily to obstruct the very objectives we are seeking to attain.

Pouched to London and Paris. (Department please repeat Geneva as Moscow's 2.)

DURBROW

³ Early in the article the general criticism of American economic policy was summarized in telegram 1841 in these words: "American policy determined by fact that productive capacity US has come to significantly exceed capacity of internal market. Result is chronic mass unemployment. At present boom continues, but crisis ripens. When crisis comes, there will be mass unemployment. Economic policy US is directed at forcing other countries to adopt principle of 'most favored nation' trading and by this means to secure increased demand for merchandise on world market and thus to solve or to render less acute the problem goods surpluses."

⁴ This paragraph is in fact the next to the last in telegram 1841.

711.61/5-2247: Telegram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

CONFIDENTIAL

Moscow, May 22, 1947—6 p. m.

1858. President's message to Congress on Greek-Turkish aid bill¹ clearly captured political warfare offensive and put Soviet propaganda machinery on defensive. Period of public discussion of bill was characterized mainly by repetition and elaboration in Soviet press media of arguments of domestic opposition which necessitated subsequent rather lame explanations of successful course of bill in Congress. With passage of bill, however, pattern of Soviet counter-offensive calculated to nullify effect of US aid policy is getting into full swing.

Basically, Soviet tactics may be summarized as follows:

Use of every channel of propaganda, both official and through myriad of world-wide front organizations as well as by direct action in form of Soviet and WFTU inspired strikes and disruptive tactics in coalition governments all designed to nullify beneficial effect of economic aid and thus discredit democratic elements who accept such aid;

¹ Regarding President Truman's message of March 12, see footnote 2, p. 547. The Act authorizing assistance to Greece and Turkey was approved on May 22; 61 Stat. 103.

by delaying European economic recovery Kremlin seeks to discredit policy also in US and gain sufficient time for hoped for US economic crisis to set in which they believe will cause American public, either because of threat of crisis or in event of actual crisis, to refuse additional economic aid, thus leaving field open in many countries to further Communist-spearheaded Soviet political and economic infiltration and control.

Growing all-out anti-American campaign has gone to such lengths as to impugn our motives during war vis-à-vis Germany by endeavoring to establish that American "monopoly capitalists" maintained contacts throughout war with their German colleagues and exercised such control at home as to prevent American Air Force from bombing key German factories. American Government press, social and economic life are painted as controlled by small group despised "anti-democratic reactionary monopoly capitalists" who are suppressing trade unions, amassing huge profits and preparing for next war in order further to increase their profits. Dire picture presented of "monopoly capitalist" infiltration into foreign countries for sole purpose of milching profits and controlling internal as well as external policies of these countries in order form anti-Soviet block as the basis for new war. Propaganda picture tries further to prove that if countries accept US loans which means surrender to US infiltration and dollar imperialism, they will be so bound to US economy that they too will go under in coming US economic crisis.² Coupled with this, attacks made on our efforts to limit sovereignty in connection with international atomic energy control depicting them as designed to facilitate American economic infiltration and domination of all countries of world solely to enhance profits of monopoly capital.

In other words, object is to frighten masses by painting dire consequences of accepting American aid, in hope aid will be refused; if this tactic unsuccessful, Soviet machinations are to prevent it from being effective and thus lay blame for continued economic crisis in most countries to American aid policy, which crisis in fact, Kremlin is endeavoring to aggravate by strikes and other methods of which it disposes.

This unusually violent and comprehensive propaganda campaign is in striking and ironic contrast to Stalin's recent and widely publicized reasonable statement to Stassen regarding the importance to Soviet-American relations of eschewing just such tactics as those outlined above.

² On May 29 in telegram 1941 from Moscow the Chargé reported that a Tass report from New York on the economic situation in the United States was "noting widespread fear of economic slump and stating lowering of production observable in certain branches of industry and number unemployed approximates two and one-half million, majority war veterans." (811.50/5-2947)

Confronted with such open and hostile psychological warfare US should make all-out effort to counteract malicious Soviet propaganda through the "Voice of America" programs abroad and other means at home and abroad such as making available an accurate objective picture of Soviet Union by completing the arrangements suggested in Embtel 4309, December 4, 1946³ for the full translation and dissemination of authoritative Soviet periodicals.

Department please repeat London as Moscow's 221, Paris as 211, Berlin as 381.

DURBROW

³ Not printed.

861.00/5-3047 : Telegram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

CONFIDENTIAL

Moscow, May 30, 1947—8 p. m.

1942. Embtel 1922, May 27.¹ It is noteworthy that decree of Presidium of Supreme Soviet of May 26 abolishing death penalty in peacetime is not innovation in Soviet criminal law. Death penalty had been twice abolished earlier and twice reinstituted. It was first abolished at outset of revolution, but in 1918 revolutionary tribunals were again empowered to pronounce death penalty. It was abolished once more in 1920 only to be declared "temporarily" permissible in 1922 in struggle against most serious types of crime against foundations of Soviet system.² It was pointed out at that time that its reintroduction constituted a temporary measure "pending complete abolition." This complete abolition which has now taken place after 25 years may be said to represent latter-day return to revolutionary ideal. It is in this historical perspective that *Trud* statement that "Soviet Government has always regarded death sentence as provisional measure" must be viewed.

Under articles 58 and 59 of criminal code of RSFSR, two types of state crimes have heretofore been punishable with death by shooting: counter-revolutionary (political) crimes and crimes especially dangerous for USSR against administrative order. As present decree is applicable to all crimes carrying death penalty under "laws effective in USSR", there is no reason to doubt that its intent is to substitute 25-year imprisonment in corrective labor camp for death penalty with regard to political as well as other crimes.

¹ Not printed. The text of the decree was herein contained.

² Regarding the *ukaz* of April 19, 1943, providing for death by hanging in war-time situations, see *Foreign Relations*, 1943, vol. III, footnote 70, p. 849.

Decree's propaganda value is manifest both for internal and external consumption. Internally, it constitutes most positive official attempt to offer sop to Soviet people for "patriotic unity" displayed during war. By restoring a revolutionary ideal, it must rekindle certain hopes that despite continued oppressive measures Soviet state is headed in right direction. It serves as renewed opportunity for Soviet Govt to assuage popular tension engendered by constant press propaganda of new "imperialist" inspired war by expressing its confidence in durable peace based upon its own "decisive" influence in international affairs.

From standpoint of foreign propaganda, decree appears primarily designed to eradicate abroad any impression of internal weakness. By this act of confidence in and gratitude for its citizens Soviet Govt endeavors to demonstrate that it considers itself in strong internal position.³ Composite picture of self-confident, powerful Soviet state backed by its citizenry determined to move in direction of liberalization of society must likewise furnish ammunition to "liberals" of Wallace⁴ type as to Soviet progressiveness despite hundreds of thousands Soviet citizens who joined *Wehrmacht* during war.

Picture is enhanced by alleged trade union sponsorship of decree obviously designed as gesture of WFTU to show doubting Thomases that Soviet trade unions have influence with govt and independent voice in govt affairs. Its effect should not be discounted, moreover, in dispelling certain qualms of potential but hesitant repatriates. It is finally instrumental to Soviet propaganda in making invidious comparison with Anglo-Saxon capitalist systems, where it is inferred that death penalty is still retained as instrument of political terror.⁵

Of particular interest is decree's declaration that "peace may be considered secured for long time." While this statement is clearly

³ As sent in telegram 1922 from Moscow the text of the decree began: "Historic victory of Soviet people over enemy demonstrated not only growing power of Soviet state, but especially exceptional devotion to Soviet Fatherland and Soviet Govt of entire population of Soviet Union." (861.00/5-2747)

⁴ Henry Agard Wallace was Vice President, 1941-1945, and Secretary of Commerce until his resignation was requested by President Truman on September 20, 1946, because of conflicting views on foreign policy. Regarding Wallace's letter of July 23 and his speech of September 12, 1946, see telegrams 3484 and 3532 from Moscow, *Foreign Relations*, 1946, vol. vi, pp. 782 and 783.

⁵ In a lead editorial in *Pravda* for May 27, 1947, Andrey Yanuaryevich Vyshinsky, who had been the Prosecutor General of the Soviet Union (1935-1939) during the time of the great purges, had written as reported in telegram 1922: "This punishment (death) was established as an exceptional measure in the general system of criminal punishments. This fact already demonstrates that in Soviet legislation as distinguished from legislation of overwhelming majority of other states, including such nations as USA, and Great Britain, application of such a criminal punishment as death penalty has always been considered not as an ordinary measure of punishment in the general system of criminal corrective measures, but as an exception called forth by necessity created by circumstances also of an unusual order." (861.00/5-2747)

calculated to advertise Soviet peaceful intentions and to reduce war phobia at home and abroad, it may also be adduced as positive evidence that Truman Doctrine has had its desired peaceful effect.

DURBROW

811,917 America/6-1047 : Telegram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

SECRET

Moscow, June 10, 1947—3 p. m.

2088. Williams ¹ recent trip succeeded in obtaining following figures on *Amerika* magazine circulation from local Soyuz Pechat ² officials: Gorki gets 400 copies each issue, Baku 1000, Orjonikidze 100, Tbilisi 600. Officials in each these centers said magazine not put on public sale but sold through special party channels to "leaders of the workers" and factory directors. They did not seem to feel that this distribution policy was attempt to lessen effectiveness of magazine, but simply the logical distribution policy for desirable commodities in short supply.

Embassy feels that above leadership [*readership?*] is as effective as possible with 50,000 total circulation.

One Soyuz Pechat official said, "Tell Moscow we want more copies your magazine down here." Another said his area could use 10 times as many. Another said it was his personal opinion his city should have 10,000 copies. Editors in Saratov, Stalingrad, or Orjonikidze said they received the magazine regularly. A deputy of Supreme Soviet of Georgia said he received it. Georgian Branch of VOKS said they received 25 or 30 copies each issue from Moscow headquarters. Two people were spotted reading copy in reading room of Stalin Park of Culture and Rest in Tbilisi. Librarian explained it was personal copy of member of staff but was being passed around. Director of Stalin birthplace shrine in Gori brought out copy given him by American visitors 10 months ago.

Foregoing report contains information central Soyuz Pechat organization Moscow has despite repeated requests consistently refused to make available to Embassy and therefore must not be given any publicity whatsoever.

DURBROW

¹ Manning H. Williams, Information Officer, Office of International Information and Cultural Affairs, in the Embassy in the Soviet Union.

² Soyuzpechat, Administration (State Agency) for the Distribution of Printed Matter throughout the Soviet Union.

711.61/6-1047: Telegram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

SECRET

Moscow, June 10, 1947—8 p. m.

2094. As seen from Moscow, it seems essential that we endeavor, through all possible means to counteract the intensive anti-American campaign now being carried on by all Soviet facilities and those of the Comintern apparatus abroad. While line taken is transparent to many and is based on falsehood and distortion of fact, it appears to us that unless effective measures on a planned and continuing basis are taken to counteract this campaign, it is bound further to confuse issues and undermine effectiveness of our democratic aid program, particularly abroad where unsettled conditions make people very receptive to present type Soviet propaganda. Our countermeasures must be objective, thorough and well substantiated and backed by positive policies.

Principal Soviet propaganda methods with examples are:

(1) To repeat falsehoods and half-truths more often and louder than others so that many people believe them or at least issues are sufficiently confused to cause hesitation and indecision to creep into many minds (i.e. Soviet system democratic, American aims "imperialist").

(2) To distract attention by always accusing others of doing what they themselves actually are doing (economic penetration and subjugation of East Europe through 50-50 Soviet companies, Soviet military missions and military aid to Yugoslavia, Czechoslovakia) .

(3) Minimum concern over complete reversal of propaganda line when politically expedient as public usually forgets past rapidly and energetic propaganda for new tack brings most people around (Ribbentrop-Molotov pact; Soviet recognition of Badoglio and King Victor Emmanuel; Soviet insistence of low level industry in Germany—1945 compared to demand for high level—1946).

(4) To quote statements out of context (Molotov's October 29 speech to UN accusing Baruch of warmongering).

(5) To set up front organizations and their newspapers as source for quotations to give impression of mass backing for Soviet policies (Tudeh in Iran; front newspapers in France, etc.).

(6) To prevent, through censorship, smear campaigns, and falsehoods, outside world from obtaining true picture of Soviet realities (thus giving impression, for instance, that Soviet trade unions are independent workers organizations similar to Western unions; that Soviet elections are democratic in Western sense; while by censorship preventing full story of speed-up methods and high ration prices from becoming known abroad, etc.).

Both methods and lines of attack on American "capitalists" are most reminiscent of Goebbels at best. A plan to combat such comprehensive

operation should be drawn up after careful study by recently established Policy Planning Committee.

Embassy suggests for consideration this connection following methods:

(1) Put into effect the proposal to translate in full important Soviet newspapers and periodicals in order that they may be rapidly available to American institutions and press (Embtel 4309, December 4, 1946¹).

(2) Set up in Department organization which will make available direct to press or possibly to a private press association research and analysis organization, "Voice of America" and foreign periodicals through AP, UP, INS foreign clients and particularly to our UN delegates and other official spokesmen, background research material on Soviet Union and other countries. This organization should have readily available: quotes from Lenin, Stalin and other prominent Soviet officials; analyses with examples of changes in Soviet propaganda line; full quotes from leading editorials, for instance, during periods of Soviet-German collaboration (OIR report No. 4250). It should be able to point out significance of such statements as Stalin's answer to Stassen to effect that Soviet Union desired to continue collaboration with Hitler but Hitler did not desire it. (As seen from here, significance of this statement was missed by American press.) Soviet aims and policies are usually quite clear when shorn of verbiage, placed in proper perspective and analyzed over period of time.

This organization should amass from published Soviet sources true picture of Soviet trade unions; full data on periodical increases in production norms; on strict labor laws, laws on absenteeism, labor books and other realities of Soviet life.

To counter propaganda that US is militaristic, objective figures on size of Soviet army and air force should be made available. Publicity should be given to large-scale maneuvers undertaken by Soviet forces, such as those held in Hungary last year.

In other words, such an organization should not only make available, as soon as possible, from printed material picture of Soviet life but should also be in a position continually to remind people of past actions of Soviet which are usually forgotten: for instance, that eastern Galicia, Ruthenia, Tana [*Tannu*] Tuva, and Bukovina never previously formed part of Soviet Union or Czarist empire until absorbed recently, or that Soviet supplied large quantities essential materials to Hitler from 1939 to 1941.

Soviets frequently follow contradictory or alternative courses in conduct of their foreign policy that it should be easy to confound them with their own words if we maintain the proper reference files. For example, when question of Turkey or Dairen comes up again we should recall Gromyko's remarks, in his speech to SC on June 6 on the MSC report, to effect that "the provision of bases would inevitably lead to the countries providing them renouncing their sovereignty with all the consequences arising out of this."

Policies, achievements, aims and shortcomings of Soviet Union do not stand up under objective analysis, which accounts for strict censorship and increasing efforts to hide realities from outside world.

¹ Not printed.

To maintain objectivity organization should have similar data available on other countries.

(3) We should endeavor to induce all reputable US newspapers to insert the word "censored" above every story coming out of Soviet Union, so reader can be on guard.

(4) We should use "Voice of America" and all other media to describe positive American policies and where appropriate, realities of Soviet policies and life.

(5) To counteract Soviet contention of a coming economic crisis in United States and the "failure of capitalism", we should point out, for instance, that despite 1930 depression American productive capacity during and since war is greater than any other country in the world and no matter what recessions may take place, we have proved our power to recuperate and outstrip world.

(6) We should publish captured German documents *in toto* to show Soviet aggressive intentions in collaboration with Hitler, which correspond generally with Soviet aims today.

While in one sense it appears not necessary to convince majority American public Soviet Government not cooperating, US anti-Soviet attitude seems based principally on emotions rather than on objective, factual reasons and thus to lack balance and perspective. For instance, too many people wishfully interpreted alleged concessions December 1946 as change in Soviet policy when in reality no change took place. Therefore, if as suggested above, realities of Soviet life, past and future policies, aims and tactics are explained and interpreted objectively public reaction to Soviet policies and tactics at home and abroad will be less subject to propaganda influences and emotional extremes.

DURBROW

861.04417/6-1247 : Telegram

The Chargé in the Soviet Union (Kohler) to the Secretary of State

CONFIDENTIAL

Moscow, June 12, 1947—3 p. m.

2120. Embtel 2093, June 10.¹ Following is Embassy comment on two new Soviet decrees revising security legislation: 1. Responsibility for revelation of state secrets and for loss of documents containing state secrets; 2. Establishment of list of information constituting state secrets, revelation of which punishable by law.

Punishments in general made much more severe and are defined more clearly. (1) For officials revealing state secrets punishment for-

¹ Not printed. The texts of two decrees were sent to the Department. (1.) The decree of June 8, by the Council of Ministers of the Soviet Union, On Establishment of List of Information Constituting Secret of State Divulging of Which Punishable by Law. (2.) The law of June 9, by the Presidium of the Supreme Council of the Soviet Union, On Liability for Divulging State Secrets and for Losing Documents Containing State Secrets. (861.04417/6-1047)

merly up to 5 years, now made 8–12 years. (2) For military revealing state secrets formerly at least 1 year solitary and now 10–20 years forced labor. (3) For private persons state secret formerly up to 3 years, now 5 to 10 years. (4) For loss by official of classified document formerly up to 5 years or if serious consequences occurred or might have occurred up to 10; now 4–6 years and if serious consequences 6–10 years. (5) Same offense for military formerly at least 1 year solitary and now 5–8 years or if serious consequences 8–12 years. (6) Technical secrets (inventions, discoveries, et cetera) formerly punished under same heading as general state secrets now are especially singled out. Punishment for their revelation 10–15 years.

List of state secrets now issued decidedly broadens former list and in effect classifies almost all military, economic and technical information. New list based on former list issued 1926. Three clauses added: (1) Information on industry, agriculture, trade, communications classified by decision Council Ministers. (2) All information on geological resources and extraction non-ferrous and rare metals and earths. (3) Omnibus clause covering all other classified information. One clause included 1926 now [omitted?]. This covered measures and methods of counter espionage and battle against counter-revolution. This item obviously included now under Omnibus clause above. Under former law only technical information specifically designated by Council Ministers was considered state secret. Now all unpublished technical information declared to be state secret.

It should be noted that decree listing punishment for revelation state secrets and loss classified documents only covers such offensives [*offenses?*] under this head not constituting treason or espionage. This decree is thus measure against carelessness in handling classified information rather than against treason or espionage.

If security violations come under head of treason or espionage they are prosecuted under laws on treason and espionage rather than under this decree. Maximum sentence for treason is 25 years now that death penalty has been abolished.

Prior abolition capital punishment recently maximum prison sentence which could be given in Soviet Union except in cases involving treason was 10 years. For serious non-treasonable offenses there was thus no legal penalty in between 10 years prison and death by shooting. Substitution for all offenses of 25-year maximum sentence in place of capital punishment makes it possible to give prison sentences also between 10–25 years for serious but non-treasonable offenses. This requires revision of certain sections of criminal code. Recently new sentences for robbery and theft were announced. Present decrees on carelessness in handling classified information seem to be another step in general adoption more Draconian criminal laws.

Principal significance of these two decrees on security lies in fact that their announcement serves as public warning to all Soviet citizens that battle against foreign espionage in Soviet Union is being greatly intensified and security is being tightened. Most Soviet citizens who read decree will take it as warning not to talk to foreigners in particular. Decree is probably meant to have this effect.

One interesting clause in decree protects scientific and technical discoveries made by Soviet citizens "whether in the Soviet Union or abroad on assignment". This clause seems to indicate concern for scientific work being done by Soviet scientists in Germany or elsewhere in eastern Europe.

KOHLER

861.04417/6-1247: Telegram

The Chargé in the Soviet Union (Kohler) to the Secretary of State

CONFIDENTIAL

Moscow, June 12, 1947—5 p. m.

2123. Embtels 2093, June 10; 2120, and 2121, June 12.¹ New Soviet decrees revising and strengthening security legislation bring up several aspects of US relations with Soviet Union.

It should be noted that decree which lists information constituting state secrets includes certain type of information which Soviet Union would be required to furnish to international organizations such as World Bank, Monetary Fund, presumably ITO and others if Soviet Union were to join these organizations. Such classified information includes for instance: (1) Funds of gold and foreign exchange. (2) Information on finances of Soviet Union. (3) Information on foreign trade. While these security regulations have been in effect previously they are now broadened and strengthened. This serves to emphasize fact that one of reasons for Soviet reluctance to join such organizations stems from unwillingness to reveal information on Soviet Union which would be required by such organizations.

Decrees also should make clear by their extreme emphasis on the security of technical information including one clause which in effect classifies all new scientific and technical information, that no agreement on patents or on exchange of technical and scientific information with Soviet Union is practical or possible.

Decrees have bearing on possibility and practicability of agreement with Soviet Union on atomic energy. They classify, of course, all information on this subject or near this subject, by blanket clauses on

¹ Telegram 2120 only is printed. It was noted in telegram 2121 that the state secrets decrees appeared to end prospects for a program of exchange of scientists, and the widest possible publication of the contents of the decrees with the implications for scientific exchanges was recommended.

scientific and technical discoveries and on geology and economy on non-ferrous and rare metals and rare earths. If in an agreement on atomic energy Soviet Union were to consent to make information on Soviet development this field available to international inspectorate, this inspectorate would still have to operate within limits imposed by general security system of Soviet Union as effectively symbolized by decrees under reference. Certainly there is absolutely no intention in USSR to let any international inspectorate freely roam about Soviet Union whenever they please with right to inspect anything they please and with right to question Soviet citizens freely. If this has not previously been clear, present decrees should make it so.

Further, decrees show how futile it is for this mission or for individual members of mission to attempt to get information from Soviet officials in various broad fields on Soviet Union. Embassy receives large number of requests from Washington agencies, particularly from Commerce Dept, for information on various industries, technical development, general statistics, etc. Almost all this information, to extent it is not included in publications available in Washington, is classified as state secret by law. Embassy has frequently made oral or written requests for information requested. Replies have been exceedingly rare in past and will be practically inexistent in future.² It is now clear that any Soviet official so rash as to answer Embassy inquiries in vast majority of cases would receive 8 to 12 years in forced labor camps for his pains. In this [*these?*] circumstances it will be useless and indeed harmful for Embassy to submit such requests hereafter.

Embassy requests that this telegram be brought to attention all agencies who transmit to Embassy requests for information on Soviet Union, and that all future requests be carefully screened in light new decrees.³ Requests should be forwarded to Embassy only in cases where personal observation, consultation with colleagues or general local intelligence could reasonably contribute to reply.

KOHLER

² According to telegram 2146 from Moscow on June 13, 5 p. m., not printed, the Department of Agriculture should be informed that henceforth there could be little cooperation expected in this field with the Soviet Union from individual discussions or in world organizations. The Soviet Union would be "in position to appraise weaknesses and strengths of rest of world from common fund of knowledge secured in these world groups and act accordingly to further her political and economic aims, but will not permit world to appraise her agriculture which now is apparently considered secret on nearly same level as military data." (861.04417/6-1347)

³ A circular incorporating all of this information was sent on July 15, to the Departments of Commerce, Agriculture, Labor, and Treasury, and to the Central Intelligence Group.

FW 701.4160e/6-1647

*Memorandum by the Director of the Office of European Affairs
(Matthews)*¹

SECRET

[WASHINGTON,] June 23, 1947.

The British have informed us of their intention to raise the question in Moscow of the establishment of direct diplomatic relations with the Ukrainian SSR and have requested the observations of this Government thereon. There follows a list of the principal advantages and disadvantages to this Government in following a similar course:

ADVANTAGES

1. The establishment of direct diplomatic relations with the Ukraine would give this Government a valuable listening post in one of the most important Republics of the Soviet Union. Internal security regulations in the USSR have recently been tightened and increased barriers placed between contacts of Soviet citizens with foreigners. Our Mission in Moscow is finding it increasingly difficult to arrange for travel within the Soviet Union. A mission in Kiev would enable at least some additional contacts to be made and would provide an excuse for travel between Moscow and the Ukraine. Apart from contacts much information could be obtained merely from observation. For example, weather reports would be useful to the Department of Agriculture and it would be possible to obtain information concerning the work of reconstruction, industrial development, etc. even though our mission were subjected to close surveillance.

2. We have had indications that the establishment of diplomatic relations with the Ukrainian Government would have to take place before an application to open a consulate in Odessa could be considered. We have long desired to open a consulate in that port and it is likely that the Soviet Government will shortly insist upon the withdrawal of our Naval representative who is now there.

3. We have a pressing need throughout the world for officers who have had experience in the Soviet Union. We are now beginning to give special language training to junior officers to be followed by assignments to the USSR. Due to the critical housing shortage in Moscow it will not be possible to send a sufficient number of officers for service there or in Leningrad and the establishment of a mission in Kiev would be of great assistance in the carrying out of this training program.

¹ This memorandum, drafted by Llewellyn E. Thompson, chief of the Division of Eastern European Affairs, was directed to Under Secretary of State Acheson. Earlier consideration of the establishment of direct diplomatic relations with the Ukrainian Soviet Socialist Republic was briefly touched upon in the memorandum of February 25, p. 536.

4. The Ukrainian Government already enjoys the full privileges of membership in the United Nations and its subsidiary organizations as well as in conferences organized under its auspices. Ukrainian officials are assigned to the Soviet Embassy in Washington and the Ukrainian Government therefore enjoys a number of advantages without according any similar advantages to the United States.

5. There has long been a strong autonomous feeling in the Ukraine and in times of stress dissatisfaction with the General Government would probably be more evident in Kiev than in any other capital. The Polish Government has already received permission to open a consulate at Kiev and it is probable that if the British are allowed to establish diplomatic relations, similar permission will be given to other states particularly those bordering on the Ukraine. It may be possible to obtain valuable information from other diplomatic missions there.

DISADVANTAGES

1. The Ukrainian SSR is not an independent sovereign state and does not even have a very large degree of autonomy. The agreement to admit the Ukraine into the United Nations was made under the pressure of war-time necessity. To establish diplomatic relations with the Ukraine would assist the Soviet Government in its maneuver to have the fiction of the autonomy of the Soviet Republics accepted by foreign governments. While we are now well committed to separate Ukrainian participation in any conference organized under the auspices of the United Nations, the establishment of diplomatic relations would preclude us from objecting to Ukrainian participation in any non-United Nations conference on the ground that it was not a sovereign state.

2. Separate recognition of the Ukraine would increase the complexity of our relations with the Soviet Union and would give the Soviet Government increased maneuverability in advancing its own special interests in international affairs. For example, the Soviet Government could arrange for the Ukrainian Mission in Washington to take a strong position on a given question without involving the Soviet Government in direct responsibility therefor.

3. Establishment of direct relations would provide the Soviet Government with an additional propaganda channel and the mere fact of recognition would lead many Americans to accept the fiction of the autonomy of the Soviet Republics.

RECOMMENDATION

It is recommended that we reserve our decision on this matter until we have had an opportunity to see whether or not the British are successful in establishing direct relations and what benefits they re-

ceive therefrom. It is recommended that the attached *aide-mémoire* be sent to the British Embassy and that the attached telegram be sent to Moscow informing the Ambassador of the Department's decision.²

H. F[REEMAN] M[ATTHEWS]

² No attachments found with the file copy.

861.00/7-1047 : Airgram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

RESTRICTED

Moscow, July 10, 1947.

A-700. Lead editorial in *Izvestiya* July 5 entitled "Pride of the Soviet Man" provides most striking example thus far of note of self-exaltation which has recently characterized Soviet Government's propaganda line for internal consumption.¹

Bragging and self-praise are no new developments in Soviet propaganda, but concentration on eulogy of Soviet man (*Sovetski Chelovek*) is a recent trend.² This line parallels and probably forms part of current campaign to whip up patriotic sentiment among Soviet people.

Editorial summarizes its own rather tiresome redundancy in first two paragraphs:

Every Soviet patriot has a special feeling of pride, a happy feeling of pride in his country, in his great people, in his leading place in the history of mankind.

Every day the great deeds of his people engenders and increases more pride. On opening the newspapers, in following events and news in the whole world, the Soviet man sees especially clearly and graphically the leading role and superiority of our fatherland.

Item also contains statement that Soviet "strength has always proven itself sufficient for victory," a reassurance to Soviet people which may represent chief purpose behind this whole campaign of self-exaltation.

Editorial later reveals sense of insecurity and inferiority lying behind its self-adulation by directing phrase after phrase of xenophobic criticism and unfavorable comparison of "bourgeois culture" with Soviet culture:

Bourgeois culture falls ever lower and lower, dirtying itself in the slough of mysticism and amorality. After the Second World War in

¹ Further illustrations, none printed, of the growing propaganda line of exuberant self-exaltation in the Soviet Union were sent from the Embassy in Moscow throughout the remainder of the year.

² For an earlier extolling of the fortune of being a Soviet man, see "Civis Sovieticus Sum" in despatch 567 from Moscow on November 29, 1946, *Foreign Relations*, 1946, vol. VI, p. 814.

the literature, art and philosophy of the capitalistic countries blossomed in rich profusion "theories" of human self-humiliation, of hopelessness and of cynicism. The time when capitalistic culture could still say a living word has long since passed. It has nothing further to give the world

Our culture is many times higher than bourgeois culture; it reflects a higher order than any bourgeois democratic order. Our literature, our art, our philosophy have the right to teach others a new morality common to mankind, a new order of feeling, a new relationship to the world. And if we still have with us persons who, in their worship of the "West", want to publish their works first of all in foreign journals³ or snatch up the latest "ism" from abroad, then such persons simply have not noticed how far they themselves have fallen behind their people and the times, and how thoroughly they have lost the sentiment of civic dignity.

These almost mystic phrases of self-exaltation conclude on a fitting note: "Soviet Man—there is a name which resounds proudly throughout the whole world!"

SMITH

³ Illustrative of this assertion was the fate of the geneticist Professor Anton Romanovich Zhebrak. He had earlier published an article in the American magazine *Science* which had disparaged the theories of Trofim Denisovich Lysenko, the Marxist biologist in vogue in the Soviet Union. After authoritative criticism, Zhebrak resigned as President of the Byelorussian Academy of Sciences late in 1947.

121.5461/7-1447: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, July 14, 1947—noon.

2422. Deptel 1448, July 11 re restrictions on travel Soviet officials.¹ I agree with Department that suggested method of approach is best. However, I wish to be very sure that in event this line does not result in satisfactory response by Foreign Office, definite action will be taken by Department resulting in actual limitation of travel of Soviet Military and Naval Attachés.

Soviet authorization of Leningrad Consulate is example of result of effective method of dealing with Soviet Foreign Office. In this case Vyshinsky was convinced that we would take immediate steps to close

¹ Not printed. Because of the lack of reciprocity in the treatment accorded the United States military and naval attachés in Moscow since the end of the war in facilitating requests for travel, the Department of State proposed to Ambassador Smith: "You should state you have been instructed by your Gov to request formally that reasonable facilities be accorded our attachés and to state that while this Gov would regret being obliged to restrict the activities of Sov military and naval attachés in this country your Gov does not feel that it can continue to overlook complete lack of reciprocity." (120.34 Transportation/6-2047)

Soviet Consulates in US if Leningrad not authorized, and I want to be sure that similar positive action is contemplated in present instance before I approach Foreign Office.

SMITH

711.61/7-1447

*Memorandum by the Adviser in the Office of Special Political Affairs
(Notter) to the Director of the Office of Special Political Affairs
(Rusk)*

TOP SECRET

[WASHINGTON,] July 14, 1947.

The developing crisis has already reached a stage at which, for our guidance in the period of the next coming months, we need a topflight decision with respect to the Soviet Union.

There are various ways in which we could put what is really in our minds, and in most of them, we would pose a question which, constitutionally and on other various grounds, could not be answered. Those questions would be inadmissible.

The one admissible question which would provide the basic guidance we have to have would be: "Are we prepared to use armed force against the Soviet Union on any given conditions, and if so, what are the given conditions upon which we could not for our own safety allow Russian action to proceed unchecked?"

I would urge that this question be raised with Mr. Cohen,¹ Mr. Lovett,² and the Secretary.

If you raise it, you may wish to recall to mind that in the early Autumn of 1941, a similar question had to be propounded in regard to Japan. The consensus of the views of the heads of the armed services and the Secretaries of War³ and the Navy⁴ and the Departments was that if the Japanese penetrated farther south than the tenth parallel in the South Pacific (specifically at Kra), the United States would be obliged to fight. The reason we did not act upon this view is that the United States was attacked at Pearl Harbor immediately before the the Japanese moved that far south.

The developments occurring are primarily strategic—in Eastern Europe, the Middle East, and the Far East, and in the UN. From them we can make certain inferences. (1) We are free to infer that the Soviets have made a decision to test out whether or not the United States will employ armed forces to check Soviet expansion in Greece. It is recalled that when Mr. Acheson sent the Greek message to Con-

¹ Benjamin V. Cohen, Counselor of the Department of State.

² Robert Lovett was Under Secretary of State from July 1.

³ Henry L. Stimson was Secretary of War in 1941.

⁴ Frank Knox was Secretary of the Navy in 1941.

gress, he said that we would not send forces. That theory is now undergoing a test in Northern Greece, carried out by means of Albanian and international brigade forces. (2) We are free to infer that the Soviets believe that the United States will not be able, for reasons of anticipated economic weakness, political compulsions, and immediate military inadequacy, to interpose any effective obstacle to their broad strategic plan. (3) We are free to infer that the Soviet thrust is directed toward Italy, Greece, Dardanelles, Turkey, and Iran, and in sequence will lead to subordination and military alliances (if not full control in the case of the Dardanelles) as opportunity shows the point of relatively least resistance. Possible action with respect to Mongolia and Manchuria, not to say Southern Asia, may, however, be pursued almost simultaneously. (4) We are free to infer that the Soviets still do not want war, but believe that despite us they can gain their strategic objectives of control not only of the heartland of Europe and Asia but actually of the shores of these continents at every point of major vulnerability from sea and air. (5) A more immediate inference is possible that as a part of the plans, forced withdrawal of American occupation divisions in Austria, Trieste, and Germany may be sought,—which might be achieved through American belief that the presence of our troops would now mean risk of our being pulled into hostilities with the U.S.S.R. through incidents. (6) We may infer a Soviet decision not to break up the UN but to use it as a means of weakening other members and facilitating Soviet plans by preventing UN action in time.

Since these inferences would not accord with an accurate understanding of American opinion and convictions, the evident Soviet calculation may turn out to lead to a basic miscalculation which could precipitate war.

Guidance as to whether we shall try to reach accommodations on specific issues as they arise one by one in the coming months and to give ground if necessary to avoid armed action, or whether we shall try the first but prepare for action in order to avoid retreating toward greater loss of our strength of position is urgent in order that our UN actions shall conform to the top-side view on the future course to take toward the U.S.S.R. Unless we are prepared to call a halt somewhere—whenever that point or line is reached,—we should certainly avoid strong courses whose only outcomes could be tough talk, and (because of weak action following) demoralization in the countries which we may ultimately need as allies.

I suggest that the decision is partly being made by default in the absence of a reasoned conscious position. For illustration: Mr. Bevin

and Mr. Bidault ⁵ have courageously struck out in Paris on a decisive line of action; they could only have done so on the basis of a calculation that the United States would back them up, and in order that they will not be let down, we must now back them up on every major issue *whether or not we prefer* to do so on each issue. We have arrived at the point where the Soviets' positive direct and indirect actions are not alone building up a crisis situation, since counter action is now gaining a momentum and direction which only we can deflect or otherwise govern. We can do that only if we have a top-side decision, and that decision will have to be implemented in the UN as well as in direct relations.

H[ARLEY A.] N[OTTER]

⁵ Georges Bidault was Minister for Foreign Affairs of France in the Ramadier cabinet. With British Foreign Secretary Bevin, they had taken the lead in arranging for the Paris Conference in July to discuss methods to make use of the offer by Secretary of State Marshall for a program of European economic recovery.

811.42700 (R)/7-2147: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, July 21, 1947—6 p. m.

2472. Deptel 1490 ¹ re talks on atomic energy policy. My estimate of attitude of people in Soviet Union and satellites on atomic bomb is as follows:

In Soviet Union population initially impressed by reports on atomic bomb. More lately they have been told on one hand by primary sources of authority, including Stalin, that bomb is not a "decisive" weapon; while on other hand they see in press and public utterances constant reference Soviet official efforts to secure destruction existing bombs and to American "atomic diplomacy". Present attitude seems to be one of apprehensive uncertainty. In neighboring satellite states, so far as can be determined by talks with diplomatic representatives, there is some doubt as to actual potential of bomb. These people have heard our claims on one side and Soviet rebuttal on the other. They do not know what to believe and they are inclined to discount much of the reporting as propaganda.

I agree that it is highly desirable to explain our atomic policy and reasons therefor, but presentation must be handled with greatest care. With respect to Soviet Union, we must weigh carefully advantages of informing a relatively few people on the actual effectiveness of the atomic bomb against the actual disadvantages of providing Soviet Union with propaganda ammunition and confirmatory evidence of

¹ Not printed.

their constantly reiterated charge of atomic diplomacy. Same general considerations would seem to apply to neighboring satellite people except that here more weight can be given to desirability of informing much larger number of listeners on actual potentialities of atomic warfare.

It seems that best line would be to avoid undue emphasis on the effective power of the bomb but rather to assume that the listeners know and stand in the same awe as we. Element of horror can be retained by indirection and by citation as reason for our vital concern for effective atomic control. I do not think we should point up factual description of atomic explosion. Necessary details can be given to support our arguments for control.

I agree with idea that we launch series in connection with reopening atomic negotiations in Security Council and tie them as closely as possible to news comment thereon. These discussions are given lengthy but completely one-sided report by Soviet press and radio although we give Mr. Gromyko ² a nation-wide press and radio network to support and defend Soviet position before people of US.

We suggest that discussions stress the peaceable possibilities of atomic energy as the servant of man and that these are only realizable if we are able, through the establishment of real control, to prevent this gigantic force from becoming the master of man. We must take for granted that no matter how talks are handled, they will be attacked in Soviet Union and by Communist press elsewhere as sabre rattling and atomic diplomacy, but I believe that on balance, the advantages outweigh the disadvantages.

A variation which might be more effective if technically feasible would be development of discussion of our policies and reasons therefor *only* in form of comments on significant atomic news such as statements by Austin,³ Osborn ⁴ or Gromyko. Background data could be prepared in advance to use only when timely rather than as straight canned remarks by prominent Americans whose identity probably unknown here anyway and of secondary importance. This approach would be more subtle, timely and less vulnerable to accusation of straight propaganda.

SMITH

² Andrey Andreyevich Gromyko, Deputy Minister for Foreign Affairs of the Soviet Union; Permanent Representative of the Soviet Union to the United Nations.

³ Warren R. Austin, United States Senator from Vermont; Representative at the United Nations.

⁴ Frederick H. Osborn, Deputy to the United States Representative on the United Nations Atomic Energy Commission.

123 Reinhardt, G. Frederick : Telegram

The Secretary of State to the Embassy in the Soviet Union

SECRET

WASHINGTON, July 25, 1947—3 p. m.

1514. ReEmbtel 2312 June 20 [30].¹ In pressing for opening Consulate Leningrad Dept hoped establish office which would be not isolated outpost like Vladivostok but important source political and economic information on local area and field in which Dept's information and cultural program might be profitably pursued. Although recent trends in Sov Union indicate contacts in Leningrad may be severely restricted, Dept nevertheless doubts situation there can approximate Vladivostok. If Leningrad possibilities are to be thoroughly exploited it seems clear that personnel must remain there for substantial period time and not on 6 months' basis prevailing Vladivostok.

On this basis Dept would be guided by your recommendations on assignment personnel Leningrad but feels definitely personnel sent there should be on assignment not on detail since latter arrangement would prevent establishment of appropriate personnel allowances and have other administrative drawbacks. Dept's understanding of Washington conversations was in this sense.

Your further views are requested.

MARSHALL

¹ Not printed.

125.536d/7-3047: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, July 30, 1947—2 p. m.

2534. Deptel 1514, July 25.¹ My views on Leningrad Consulate are as follows: we do not yet know how situation at Leningrad will develop, but estimate that initially we will have perhaps some cultural contacts and heavy load of Consular cases particularly from Karelia and Estonia. Later these sources of contact will probably be severely restricted but hardly to extent approximating Vladivostok. Moreover, in view negative Soviet exit visa policy, volume Consular cases will

¹ In telegram 1527 of July 28, 6 p. m., not printed, to the Embassy in Moscow, the Department had requested opinions on some further questions. It also suspected that the attempt might be made to restrict the consular district to Leningrad, or at most to the Leningrad oblast (province). The Department desired, however, that the district should include the "oblasts of Leningrad, Pskov, Novgorod, Vologda, Ark[h]angelsk, Murmansk, and Karelo-Finnish SSR but not Baltic States." In any discussions with the Ministry for Foreign Affairs the Ambassador could "point out that consular district of Soviet Consulate in New York comprises 22 states, in San Francisco 11 states and Hawaii, and in Los Angeles 8 Southern Californian counties." (125.0061/7-2847)

presumably later fall off. Problems incidental to establishing Consulate will require personnel with Moscow experience and changing conditions may demand that Leningrad be reinforced from time to time. Furthermore, atmosphere in Leningrad may not be so uniformly [hostile?] as it now is in Moscow and occasional changes of personnel may become desirable because of morale. My hope is that some cultural and Consular activities can be transferred permanently to Leningrad to relieve congestion in Moscow. Since we are constantly understaffed and likely to remain so until housing shortage breaks, it may be necessary to make temporary details back and forth between Leningrad and Moscow to relieve peak load at either place. These conditions indicate importance of retaining maximum flexibility until Leningrad situation clarified, and I believe that for some months Leningrad should be operated, without being so designated, as a subpost of Moscow.

Realize it is general tendency of supreme echelon to retain rather than decentralize administrative details to field agencies, and I have been guilty of this many times myself, but the result usually is to limit flexibility and effectiveness of field agency. In this case, I think it would be better to decentralize in the beginning and suggest that we handle Leningrad personnel assignments as indicated in Mytel 2312, June 30² at least until the Consulate is established and we have acquired sufficient experience on the ground to determine the actual requirements and potentialities of the office.

There is, of course, no intention of establishing an arbitrary 6-months tour as in the case of such an undesirable station as Vladivostok.

SMITH

² Not printed.

081.60m/8-747

Memorandum by the Chief of the Division of Eastern European Affairs (Thompson)

[WASHINGTON,] August 7, 1947.

There is referred to you¹ herewith a group of six representative letters² concerning notarial services in Lithuania, Latvia and Estonia.

In administering the Department's policy of non-recognition of the incorporation into the Soviet Union of the Baltic states,³ the question

¹ This memorandum was referred to the Office of the Legal Adviser.

² None printed.

³ For the statement by the Acting Secretary of State on July 23, 1940, see *Foreign Relations*, 1940, vol. I, p. 401; see also *ibid.*, vol. III, pp. 329-330, 358, and 377-378.

frequently arises as to how far the Department can go in assisting American citizens with interests in those countries without implying recognition of Soviet jurisdiction. In view of the extent of state control in the Soviet Union EE assumes that it will not be possible for an Officer of the Foreign Service to authenticate any documents issued in the Baltic States since Soviet occupation without implying recognition of Soviet sovereignty in that area. However, it is desired to take care of requests for notarial services in the Baltic States if it is at all possible. EE would therefore appreciate Le's opinion whether any type of notarial service involving the Baltic States may be handled through the American Embassy in Moscow without countervailing the Department's policy of non-recognition of the incorporation of those countries into the Soviet Union.

L. E. THOMPSON

811.917 America/8-1347: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

CONFIDENTIAL

Moscow, August 13, 1947—noon.

2632. *Culture and Life* August 10 carries long article by F. Konstantinov,¹ Press Bureau, Central Committee Party attacking magazine *Amerika*. Entitled "Catalog of Noisy Advertisement," article asserts illustrations and articles in magazine *Amerika* do not depict actual American life or show real living people who actually create wealth. Painting usual official Soviet picture of disunited country with wealth concentrated, workers oppressed, Okies wandering homeless, Indians discriminated against and Negroes lynched, article says *Amerika*'s editors fear drawing back curtain on these matters and instead give something like embellished operetta scenes. Points to *Amerika* as sample of whole American bourgeois press with amoral, commercial spirit and guiding principle "if you don't deceive you won't sell" cites O'Keefe[O'Keeffe] paintings as extreme degenerative art. Sees American imperialist ideas in Fosdick's article on international wealth, and concludes that American social system cannot live without imperialist wars, without periodical re-distribution of world, without stifling freedom and independence of people. End summary.

Embassy considers mere appearance article in this authoritative journal encouraging sign that *Amerika* penetrating consciousness Soviet intelligentsia too deeply for comfort of party leaders. Fact that writer cannot find more specific points in *Amerika* magazine itself

¹ Fedor Vasilyevich Konstantinov, Soviet writer and lecturer.

vulnerable to attack, but rather deals in generalities, is indication our method of presentation has been very successful.² Despatch and full translation follow.³

SMITH

² Another attack on the magazine, written by David Iosifovich Zaslavsky in *Culture and Life* for October 10, 1947, was summarized by Chargé Elbridge Durbrow in telegram 3029 from Moscow on October 14, 4 p. m. He judged the article to be of inferior quality, a rehash of the current line against the American press, and noticeably lacking the usual amount of Zaslavsky's vitriol. (811.917 America/10-1447)

³ Not printed.

501.BD Human Rights/8-2647

The Ambassador in the Soviet Union (Smith) to the Secretary of State

CONFIDENTIAL

Moscow, August 26, 1947

No. 1575

The Ambassador has the honor to refer to the Department's infotei of August 19¹ requesting information concerning any outstanding incidents of discrimination in the USSR for use of the US representative on the sub-Commission for Minorities and Discrimination of the United Nations Commission on Human Rights.

To obtain a full and documented answer to the questions set forth in this telegram would require investigations and research of a type and scope not possible to foreign diplomats in the USSR, for any outstanding incidents of discrimination fall automatically into that large body of knowledge which the Soviet government makes strongest and generally successful attempts to conceal from the rest of the world outside its borders. It is one of the Soviet regime's most widely emphasized propaganda claims that it has eliminated racial discrimination in territory under its authority, and it may be assumed as fundamental that that regime will bend every effort to prevent the escape of facts which would contradict this claim and lessen the appeal of its propaganda.

However, reports of discrimination of several types do reach the Embassy or the outside world despite attempts of the Soviet government to conceal information and becloud the issues involved.

In the first place, despite claims to the contrary, racial discrimination by individuals and groups does still exist in the USSR. Embassy personnel constantly hear stories of discrimination and actual mistreatment by Russians of people of minority groups, especially Jews. For example, it seems clear that the number of Jews admitted to most higher educational institutions is tacitly restricted, and children of a Jewish employee of the Embassy have been threatened and actually

¹ Not printed.

physically harmed by anti-Semitic groups. (This example, of course, should not be used in discussion with Soviet representatives for fear of retaliation against the persons involved.) It is thus clear that, although Soviet practice does represent important advances over discrimination practiced in Tsarist times and, indeed, is one of the best features of the Soviet system, it is far from as perfect as Soviet propaganda would have one believe, and certainly no better than racial toleration practiced in many of the western democracies.

Secondly, official and semi-official attitudes towards non-Slav minority races, particularly in Central Asia, contain many elements of discrimination. The Soviet government's formulation of the situation is an "older brother" theory whereby "more advanced" Russians lead upward and onward less advanced minor peoples of the USSR. In practice, Russian officials control almost all activity in the subordinate Soviet republics (see airgram 606 of June 9² for statistics regarding Russian control in Kazakhstan), and the Russian group in the population lives and behaves toward the native much like the ruling class in a colonial area. Soviet nationality policy does provide considerable cultural autonomy, but gains of this nature have been made at the price of political freedom.

Thirdly, the Soviet government, despite the constitutional provision of religious freedom, itself carries on active campaigns of persecution against religious believers. The intensity of this campaign and the measures used have varied over the years in response to different political considerations, and some sects have suffered more than others, but the whole history constitutes a black picture of religious persecution and suppression of free thought.

Finally, the whole system of Soviet political control provides constant examples of most terrible discrimination against minorities and suppression of basic human rights. For example, mass arrests and transportations have been continuing constantly in the Baltic States and other western border areas since their absorption into the USSR. Some of the stories of the mistreatment of helpless and innocent people which reach the Embassy from these areas compare with the worst of fascist practice. Similar examples of official persecution of helpless minorities, even more particularly racial in character, occurred in 1937 when all Chinese and Koreans were forcibly removed from Vladivostok and the Maritime Territory, and during or since the war when the Volga Germans, the Chechen-Ingush, and the Crimean Autonomous Republics were abolished, their populations transported, and their cultures destroyed.

² Not printed.

740.00118 EW/9-1147

*Memorandum by the Acting Associate Chief of the Division of Eastern European Affairs (Stevens)*¹

[WASHINGTON,] September 10, 1947.

I was informed today by Captain MacKinnon of the Navy Department that the Soviet Government has requested that the office of the naval observer at Odessa be closed. It will be recalled that in July 1946 the Soviet Government requested that naval observers be withdrawn from Vladivostok, Archangel, and Odessa but that after the Embassy requested permission to open a consulate at Odessa the Soviet Government agreed to permit the naval observers to remain at that port to handle American shipping bringing UNRRA supplies.

There have been several exchanges of telegrams with the Embassy at Moscow concerning the desirability of pressing for a consulate at Odessa when the expected request for the withdrawal of the naval observer was received. While various considerations militate against such action, notably the possibility that the Soviet Government will raise the embarrassing question of recognition of the Ukrainian SSR, the factors in favor of submitting the request appear to be preponderant.

The Soviet Union at present has consulates in the United States at New York, San Francisco and Los Angeles. In the Soviet Union we have one at Vladivostok and another in prospect at Leningrad. The opening of an office at Odessa would balance this picture and it is EE's opinion that if the Odessa request is refused the Soviets should be required to close one of their west coast consulates.²

It is suggested that a final decision on this matter be postponed pending official recommendations from Ambassador Smith. The Navy Department is prepared to accede to the Soviet request and is instructing the Naval Attaché in Moscow accordingly.

F[RANCIS B.] S[TEVENS]

¹ This memorandum was directed to John D. Hickerson, Director of the Office of European Affairs.

² Ambassador Smith recommended in telegram 2872 from Moscow on September 18, 5 p. m., not printed, that "now is the time to ask for Consulate at Odessa." He believed that "we can get this Consulate if Department is willing to stick by its guns and close one Soviet Consulate or Sub-Consulate if Soviets do not agree. Odessa would give us same number as Soviets have in US." (125.667/9-1847)

033.1100/9-1047

*The Ambassador in the Soviet Union (Smith) to the Deputy Minister for Foreign Affairs of the Soviet Union (Malik)*¹

Moscow, September 22, 1947.

MY DEAR MR. MALIK: I have received your letter dated September 19² in which you state, with reference to my request of September 13³ for the issuance of Soviet entry visas to a group of United States Government officials, that "since the Soviet Union is not among the countries which can be subjected to an investigation on the part of American Senators, the trip of the above-mentioned group to the Soviet Union is not considered expedient".

I hasten to assure you that this group never has, or could have had such intention. The fact is that the Senators in question are all members of the Appropriations Committee of the United States Senate; Mr. Peurifoy is the Assistant Secretary of State in charge of administrative matters; and the other members are aides and assistants of the group. I have been informed that the official purpose of their proposed visit is to inspect the work of this Embassy. However, I should like to add, in a personal way, that since the group is much larger than would be required to make a routine inspection of the Embassy's work and needs, it is obvious that many of its members are motivated by the desire to see the capital of the Soviet Union during their current travels in Europe. This seems wholly natural and understandable to me, and certainly the brief period of the proposed visit makes it very evident that the group does not have any other intentions.

My own opinion is that the visit would be in the interest of good relations between our two countries, and I believe that, after the foregoing explanation, you may agree with me. If so, I would be grateful if you would reconsider the decision communicated in your letter of September 19.⁴

I am, my dear Mr. Malik,

Sincerely yours,

W. B. SMITH

¹ Enclosed in despatch No. 1645 from Moscow on September 22, not printed.

² Not printed.

³ Not printed. By this letter the Ambassador had carried out instructions received in telegram 1711 from the Department on September 11, 7 p. m., not printed, to request visas for 11 Senators of the Senate Appropriations Committee headed by Chairman Styles Bridges of New Hampshire; for Assistant Secretary of State for Administration John E. Peurifoy; and for 4 other governmental officials who wished to visit Moscow "for approximately 4 days on an inspection trip in connection with the work of this Embassy." (033.1100/9-1047)

⁴ The reply from Deputy Minister for Foreign Affairs Yakov Alexandrovich Malik dated September 26 merely reiterated that "the Ministry of Foreign Affairs as before maintains the point of view set forth in my letter to you of September 19." This rejection was forwarded to the Department in despatch 1661 from Moscow on September 27. (033.1100/9-1047) A statement by Acting Secretary of State Robert A. Lovett was released to the press on October 1 regarding this refusal (Department of State *Bulletin*, October 12, 1947, p. 744).

811.001 Truman, H. S./9-2347: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, September 23, 1947—7 p. m.

NIACT US URGENT

2901. Embtel 2898, September 23.¹ Do not believe *Literary Gazette* attack on President should go without protest. Accordingly, unless instructed to contrary, I intend to send following to Molotov tomorrow. If it is to be effective, protest should be made at earliest possible moment and press informed here.²

"During the year and a half that I have resided in Soviet Union I have been obliged with the deepest regret to witness in Soviet press an increasing flood of half truths, distortions of truth and utter falsehoods about my country and my government. I have tried to overlook this incendiary press campaign, feeling that to take issue with a myriad false or incorrect statements would simply be adding fuel to the flame of hatred toward my country which Soviet press has apparently undertaken to kindle in hearts of Soviet people.

However, an occasion has now arisen when I must break this self-imposed rule. An article by one Boris Gorbатов just published in *Literary Gazette* No. 39 is so wantonly libelous in its personal attack on the President of the US that I cannot permit it to pass without the strongest protest. It has thoroughly shocked me.

As I have told you personally on several occasions, I believe that I have a duty to Soviet Government as well as to my own, and that this duty is to inform the Soviet Government as honestly and frankly as possible of the beliefs and opinions of the people of my country. This being the case, I must assure you in the most solemn terms that every right-minded American citizen will be deeply affronted by this article and will feel that he in some way shares personal insult thus gratuitously offered to President Truman.

I cannot recall that Dr. Goebbels, of unsavory memory, at the height of our common struggle against Nazi Germany ever stooped to greater ridicule and vituperation against the head of an enemy country than has Mr. Gorbатов against the chief executive of a friendly and allied state. In this connection, I would never have believed that a Soviet writer would permit himself, or be permitted, to draw an analogy be-

¹Not printed. This telegram relayed a translation of the article "Harry Truman" by Boris Leontyevich Gorbатов which was published in the *Literary Gazette*, No. 39, for September 20, 1947. A translation was printed in the *New York Times*, September 30. A personal attack upon Secretary of State Marshall also appeared in this publication on September 24.

²The Department of State approved the proposed letter to Molotov in telegram 1773 to Moscow on September 24, 7 p. m., with the suggestion of wording to substitute for the next to the last paragraph. This telegram did not arrive in time, as Ambassador Smith explained in his telegram 2919 on September 26. He had sent his letter dated September 25 at 4:45 p. m., on the 26th, with this change in the last sentence of the third paragraph: "This being the case, I must assure you in the most solemn terms that every fair-minded American citizen, regardless of his political opinions, will be deeply affronted etc.". The Ambassador also proposed to release the letter to the press in Moscow at noon on September 27. (811.001 Truman, H. S./9-2647)

tween the press of the US and our recent common enemy, Hitler. Mr. Gorbatov goes so far as to imply criticism of President Truman for associating with the President of Brazil,³ our faithful and devoted ally in the recent war, to whom is unwarrantably imputed some prior association with axis powers. Any unprejudiced observer, familiar with the course of history since 1939, would agree that such criticism comes with extraordinarily bad grace from a Soviet writer.

I cannot believe that Mr. Gorbatov's article represents the opinion of the Soviet Government, and I therefore request that it be officially disavowed and if, contrary to my belief, it has the approval of the Soviet Government, I would appreciate a statement to that effect."

SMITH

³ President Truman had arrived on September 1 in Rio de Janeiro on a visit to President General Eurico Gaspar Dutra.

811.001 Truman, H. S./9-2847: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

RESTRICTED URGENT Moscow, September 28, 1947—6 p. m.

2939. Following is text of Molotov's reply to my letter of September 25 protesting attack on the President.¹

"Acknowledging the receipt of your letter of September 25, I must state that I do not consider it possible to enter into a discussion with you of the article of the writer B. Gorbatov in *The Literary Gazette*, as the Soviet Government cannot bear the responsibility for this or that article and, so much the more, cannot accept the protest you have made in that connection.

However, inasmuch as in your letter you decided to undertake a general evaluation of the Soviet press and from it is obtained a completely perverted picture of the situation, I must state my disagreement with your point of view on the Soviet press.

Despite your allegation, the Soviet press more than the press of any other country whatsoever, especially aims to elucidate broadly as possible the actual situation and true facts of the life of other coun-

¹ In telegrams 2941 and 2946 from Moscow on September 29, at 10 a. m., and 7 p. m., neither printed, Ambassador Smith reported that the censors had not yet released the stories by correspondents about this protest. He suggested that the Department could show up the effect of censorship by releasing the letter and explaining the circumstance of the delay. The Department advised the Ambassador in telegram 1789 of September 29, 5 p. m., not printed, that even before his first telegram had been received the text of his letter of protest together with Foreign Minister Molotov's reply had been released to the press at 12:15 p. m., on the 29th. (See Department of State *Bulletin*, October 12, 1947, pp. 743-744.) In his turn Ambassador Smith told the Department through telegram 2959 from Moscow on October 1, not printed, that the Soviet press had that day published the exchange of letters in full, with the statement that the correspondence had been published by the Department on September 29. In despatch 1678 from Moscow on October 2, not printed, it was reported that these notes had been clearly heard on the radio in Moscow on September 29, which was another scoop for the "Voice of America" audience.

tries, attaching special significance to the strengthening of friendly relations between peoples. This applies in full measure also to the United States of America, so that any move or approach of the government and statesmen of the USA directed toward the strengthening of normal relations between countries and toward the support of universal peace invariably encounters warm support in the Soviet press, and this is so generally known that it need no reaffirmation whatsoever. It is by no means possible to say regarding that American press which is so widely encouraged by the most reactionary circles in the USA and which not only from day to day inserts lying and slanderous articles regarding the USSR and its statesmen, but also inflames hostility between peoples, and which does not meet with any serious support whatsoever in the USA, which is of course, Mr. Ambassador, well known to you regarding which there are not two different opinions in international democratic circles."

SMITH

501.BB/9-3047 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, September 30, 1947—5 p. m.

2953. Following is our evaluation present Soviet tactics as exemplified by Vyshinski's GA speech,¹ smear campaign against American officials and all-out propaganda efforts discredit our motives and falsify our intentions.

Overwhelming voting strength of US and like-minded countries in GA re veto, Greece, etc. places before Kremlin fundamental decision whether remain member UN. We are sure Kremlin would prefer to remain member for prestige and propaganda reasons, and because of advantages continuing obstructionism. Furthermore, Soviet withdrawal would convince even most confirmed wishful thinkers Kremlin desires only one thing, two worlds now in hope obtaining one Soviet world later. Also believe Kremlin does not feel it has batted down enough countries yet to break with UN. On other hand, if it is to remain in UN, it feels necessity of getting out of essentially negative and defensive position into which it has been forced. Faced with this dilemma present tactics seem to have following objectives:

1. Give impression that if matters do not work out more favorably for Kremlin there is imminent possibility of war, in hope that smaller countries will become so fearful of being caught in a war between democratic and communistic forces that they will abstain from vote for American UN proposals. In this way Kremlin hopes that decisively

¹ This speech was delivered by Vyshinsky on September 18 before the General Assembly of the United Nations in New York. It caused concern over the imminent possibility of war, and further alienated American public opinion by the naming of several prominent Americans whom he accused of being warmongers.

favorable votes on important resolutions opposed by Soviet Union can be brought to minimum, and clear-cut action frustrated.

2. Sabotage economic recovery by making smaller govts hesitant to accept American "imperialistic aid" and by keeping European businessmen and people generally so apprehensive of future they will refrain from making investments or long-range construction and recovery plans.

3. Make Congress wary of voting credits which would be regarded as hopeless in view of fear of war and general unrest in Europe. Note in this connection reported statements Congressman Taber in Athens.

4. Increase the apprehensions of its own people and thus bolster its internal control and discipline.

This campaign will go on in crescendo until it either obtains its objectives or fails. In latter case Soviet Union and satellites may withdraw from UN or allow detente to develop pending development new tactics.

We add our convictions USSR is not prepared for and does not want active war in presently foreseeable future. However, Kremlin knows we do not want war and will in no case be aggressor; consequently it feels it can with impunity deliberately create "war scare" to serve its political ends.

SMITH

861.5043/9-3047

The Ambassador in the Soviet Union (Smith) to the Secretary of State

RESTRICTED

Moscow, September 30, 1947.

No. 1671

The Ambassador has the honor to report that on September 10 the newspaper *Trud* published a decree taken by the Presidium of the All-Union Central Council of Trade Unions on August 30, which represents a further important development in the Soviet regime's current campaign to whip into ideological line all phases of the social system of the USSR.

The Presidium of the Trade Union Committee held a meeting on August 30 which was attended by representatives of the Central Committees of the various trade unions and officials from the ministries and departments. At this meeting V. V. Kuznetsov,¹ Chairman of the Trade Union Council, reported on the progress of the fulfillment of socialist obligations in honor of the 30th anniversary of the October

¹ Vasily Vasilyevich Kuznetsov, chairman of the All Union Central Council of Trade Unions; deputy chairman of the World Federation of Trade Unions; and member of the Orgburo of the Central Committee of the All Union Communist Party.

Revolution; and L. Solovyev,² Secretary of the Trade Union Council, reported on the intensification of the work of trade union organizations in the propaganda of Soviet patriotism among the intelligentsia.

The latter report presumably led to the above-mentioned decree, which was entitled "Intensifying the Work of Trade Union Organizations in Educating the Intelligentsia in the Spirit of Soviet Patriotism and Devotion to the Interests of the Soviet State." Five copies of the Joint Press Reading Service summary translation of this decree are enclosed herewith.

In keeping with the primary theme of the party's current propaganda line, that of Soviet patriotism, the decree begins with the following paragraph:

"The education of workers, employees, kolkhoz members, and intelligentsia in the spirit of Soviet patriotism, Soviet national pride, devotion to the socialist motherland, has the highest significance for the creation of a Communist society in our country."

Never losing its emphasis on Soviet patriotism, the decree goes on to attack the faults of "national self-degradation" and "servility toward the putrifying reactionary culture of the bourgeois West" which characterize a "certain portion" of the Soviet intelligentsia. The decree explains this "illness" as the result of a two-fold influence from the "accursed past" of Tsarist Russia, with its deference to foreign culture, and from capitalist encirclement, whose "agents of imperialism seek in every way to support and vivify harmful survivals of capitalism in the consciousness of the least stable Soviet citizens and thereby weaken the Soviet state."

The decree then brought the above basic theses home to the trade union movement by pointing out that "the unpatriotic and anti-state behavior of a certain portion of the intelligentsia is to be explained by the weakness of political educational work among the employees in the ministries, scientific institutes, institutions of higher learning, and cultural institutions, and also by insufficient development among these employees of criticism and self-criticism, the real motive force of our development."

From this introduction the Presidium proceeds to the heart of its decree, which consists of a statement of the actions which trade union organizations must and will take from now on to indoctrinate the Soviet people with national patriotism and to combat the "illness" of servility toward Western culture among the Soviet intelligentsia. The most important of the 10 points of action set forth in this part of the decree is No. 1, which, in a sense, summarizes the other more specific points. It reads:

² Leonid Nikolayevich Solovyev, secretary of the All Union Central Council of Trade Unions.

"The Presidium of the All-Union Central Council of Trade Unions decrees: To consider as a most important task of trade union organizations the education of the Soviet intelligentsia in a spirit of Soviet patriotism and devotion to the interests of the Soviet state, in the spirit of unbending will and character, and readiness, under any conditions and at any price, to defend the interests and honor of the Soviet state.

"To oblige trade union organizations: constantly to propagandize the idea of Soviet patriotism, to show its manifestation in concrete examples; broadly to popularize the tremendous achievements of the Soviet state in the 30 years of its existence, to educate the Soviet people in a feeling of pride in the great accomplishments of Socialism, to explain the superiority of the Soviet system over the capitalist system; to carry on an irreconcilable struggle against all manifestations of servility and obsequiousness toward things foreign, against all sorts of unpatriotic acts, rousing public opinion against those who do not cherish the interests of our socialist state; to carry on a resolute struggle against the influence of reactionary, decadent bourgeois culture and ideology; to penetrate more deeply into the activity of the ministries, scientific institutes, institutions of higher learning, and cultural institutions, mobilizing the Soviet intelligentsia for the achievement of the tasks imposed by Comrade Stalin on scientific and cultural workers."

Two of what are apparently considered the sectors of Soviet society most vulnerable to bourgeois penetration are mentioned specifically for attention. These are scientific workers and "the crews of ships engaged in foreign navigation," both of whom have more than average contacts with the outside world and who are consequently more conscious of the falsities of Bolshevik propaganda.

An article by L. Solovyev himself accompanies the publication of this decree in the September 10 issue of *Trud*. Five copies of the JPRS summary translation are enclosed. It repeats most of the themes which appear in the decree itself, often in even more violent language, and particularly attacks Soviet scientists who are guilty of too great a respect for their foreign colleagues and too little for the leading role of Soviet science.

The promulgation of this decree and its publication with accompanying propaganda obviously mark the start of a widespread effort to tighten the ideological lines in the trade union movement and to intensify its thought-control activities for the benefit of the present regime. They thus represent one more move in the huge campaign which the Soviet rulers are now conducting in an effort to bring every phase of Soviet society into active support of their aggressive foreign policy and their post-war withdrawal from collaboration with the West.

[File copy not signed]

800.00b Communist International/10-347: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, October 3, 1947—6 p. m.

2975. There is accumulating evidence of Kremlin preparations for launching of new worldwide Stalinist organization designed to support Soviet policy on all fronts.¹

Two indications of such a development are Cyrankiewicz's² recent call for "united front on world scale" (Warsaw's 1507 September 17 to Department³) and Tito's⁴ statement at opening session of Yugoslav Popular Front Congress September 27 that "therefore the People's Fronts units [*unite?*] in a front of peace in the world. This unification means an organized joint effort against warmongers and for peace."

This would seem logical development at present juncture when Kremlin is pulling all stops in all-out effort to discredit any kind of opposition to Soviet aspirations and terrorize small powers bordering its sphere of influence. Such an international popular front would include the whole spectrum of front organizations from trade unions, women's and youth federations to peace-loving veterinarians and chess players not to mention CPs and all collaborating political parties throughout the world. This world organization for peace and against the warmongers could mobilize in the aggregate an imposing measure

¹ A meeting of representatives of the Communist parties of the Soviet Union, Bulgaria, Czechoslovakia, France, Hungary, Italy, Poland, Rumania, and Yugoslavia was held at Szklarska Poreba (Schreiberhau, Schreibhau) near Hirschberg im Riesengebirge in Silesia between about September 22-27, at which the Communist Information Bureau was founded. Headquarters were soon thereafter set up in Belgrade, where the organization's bi-weekly *For a Lasting Peace—For a People's Democracy!* was first published on November 10, 1947.

Ambassador Stanton Griffis reported in telegram 1618 from Warsaw on October 6, 3 p. m., not printed, that this meeting "was well guarded secret which caught everyone offguard here including, we have reason to believe, Polish press." He went on to judge: "From this vantage point Embassy views this revival of Comintern as consistent with Soviet policy of aggressive warfare against western world by every means short of military action. Risk of inciting US to war is calculated one based in our opinion on Moscow's thorough understanding of our form of government requiring majority vote of Congress and of our national psychology which makes declaration of war by true democracy virtual [im]possibility excepting in retaliation for military aggression." (800.00b Communist International/10-647) From Moscow Chargé Durbrow stated in telegram 3007 on October 8, 6 p. m., not printed, that the first "editorial reaction to recent re-establishment [of the] Comintern was lead article [in] *Pravda*" on October 8, but *Komsomolskaya Pravda* had printed on the previous day the recent communiqués of the meeting. "Thus subject continues to be restricted to party press where, however, it is featured." (800.00b Communist International/10-847) For a statement by Acting Secretary of State Lovett on October 8, see Department of State *Bulletin*, October 19, 1947, p. 769.

² Józef Cyrankiewicz, Prime Minister of Poland.

³ Not printed.

⁴ Marshal Josip Broz (Tito), President of the Council of Ministers and Minister of National Defense of the Federal People's Republic of Yugoslavia.

of support for Soviet purposes and seriously hamper all forces of an "anti-Soviet" and therefore "warmongering" nature. It would set out to complete the identification of American monopoly capitalism with Fascist imperialism and warmongering which is basic objective of current Stalinist propaganda. Finally it would constitute a world-wide lobby in support of Soviet delegation in UN and at same time provide potential nucleus for alternative world organization should Soviet Government reach decision that its interests would be better served outside the framework of UN (Embtel 2953, September 30).

Embassy will welcome any evidence in support or refutation of this prognosis.

Department pass Paris 343 and Berlin 544.

SMITH

840.00b/10-647 : Telegram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

CONFIDENTIAL URGENT

Moscow, October 6, 1947—2 p. m.

2993. Embtel 2987, October 5.¹ Declaration of recent meeting in Poland of important representatives Soviet and satellite CPs plus French and Italian constitutes world-wide directive for Communist operations Europe and open revival European section Comintern.²

Begin Summary: Citing differences in ultimate war aims Soviet Union and "democratic countries" on one hand and US and Great Britain on other and obstacle to imperialism presented by former, declaration asserts "thus were formed two camps—imperialist and anti-democratic camp which has as its basic objective establishment of world domination of American imperialism and destruction of democracy, and anti-imperialistic and democratic camp which has as its basic objective undermining of imperialism, strengthening of democracy and liquidation of remnants of Fascism". Struggle of these two camps is taking place against background of general crisis of capitalism which explains extraordinarily aggressive activity of US and its associates in imperialistic camp. Truman and Marshall plans are but European manifestations of a world-embracing expansionist policy.

¹ Not printed.

² An editorial in *Pravda* on October 10 marked the first direct comment on the inter-party meeting in Poland at which the Cominform was created, according to Chargé Durbrow in telegram 3015 from Moscow on October 10, not printed. The editorial declared that the establishment in no way implied the "reconstitution of single world-wide Communist organization with centralized leadership such as Comintern was in its day". This new organization had a clearly regional character which was limited to Europe. The Chargé summed up the then prevalent impression: "Editorial would seem to reveal some surprise at violence Western press reaction on this subject. Its belabored argumentation regarding true nature this new Communist formation lends support to Embassy's growing conviction that said formation is but the first of a series of regional Communist grouping of new character, and constitutes in brief an immergent [emergent?] 'Eurintern'." (861.00/10-1047)

Particularly important place in arsenal of imperialism belongs to treasonable activities of right wing Socialists (i.e. non-Communist left) such as Blum, Attlee³ and Bevin, Schumacher,⁴ Renner⁵ and Saragat.⁶ "In these circumstances anti-imperialistic democratic camp must muster its forces, work out an agreed platform of action, work out its tactics against principal forces of imperialistic camp, against American imperialism, against its English and French allies, against right wing Socialists above all in England and France". Only acceptable Socialists are those of Commi-Socialist blocs in countries of "new democracy". The CPs, continues declaration, have special task of carrying banner of national independence and sovereignty of their countries. If they fulfill their responsibilities no plans for enslavement of Europe and Asia can be realized. Finding parallel in Munich declaration announces that "principal danger for working class now lies in underestimation of its forces and in overestimation of forces of imperialistic camp" and calls for CPs to lead resistance to this imperialistic expansion on all levels "governmental, political, economic and ideological, to unify their efforts on basis of general anti-imperialist and democratic platform and gather about themselves all popular, democratic and patriotic forces". *End Summary.*

Declaration unmasks any pretense CPs can accept one world doctrine other than their own Stalinist totalitarian concept and constitutes open avowal of fundamental hostility to independence of western Europe. It is patently a declaration of political and economic war against US and everything US stands for in world affairs.

Brutal castigation of Socialists except those subjugated in bloc fronts cannot but antagonize and consolidate Socialist ranks except for those left-wingers who will feel compelled to hew even closer to CP line. This move must be predicated on belief that no further advance of Kremlin's objectives can be achieved by parliamentary compromises with Socialist or other parties and that time has come solidly to close Communist ranks in effort attain optimum position from which either militantly to exploit future opportunities or defend themselves against anti-Communist forces. Kremlin would appear to believe situation western Europe particularly France will so deteriorate next few months that either door will open for them to make serious bid for power by extralegal means or that they will be confronted with need for solid Communist phalanx to defend themselves against a resurgence of Gaullism and other anti-Communist forces. With consoli-

³ Clement R. Attlee, Prime Minister of the United Kingdom.

⁴ Dr. Kurt Schumacher, leader of the Social Democratic Party in western Germany.

⁵ Dr. Carl Renner, President of the Republic of Austria.

⁶ Giuseppe Saragat, a leader in the Socialist Party in Italy.

dated lines Communists will more effectively carry on their sabotage of Marshall plan through controlled trade unions in France and Italy and be prepared to take advantage of its possible failure or the predicted American economic crisis either of which will leave Europe at mercy of their militant operations.

Recent statements by Cyrankiewicz, Tito and Dimitrov⁷ calling for creation solid world-wide peoples front coupled with resurrection Stalintern provides basis for alternative world organization in event developments impel Kremlin withdraw from UNO. (Embtel 2975, October 3.)

Correspondents here report both Tass and Soviet radio committee yesterday denied any knowledge of declaration even after its exclusive appearance in *Pravda*⁸ and correspondents' stories held by censorship for several hours. This gives credence to belief that publication was perhaps hastily decided upon or more likely that every effort has been made to characterize these events as being a purely party affair despite fact that such prominent members of Soviet Government as Zhdanov and Malenkov⁹ played leading role.¹⁰

Department pass Paris as Moscow's 346, London 328, Rome 84, Belgrade 18.

DURBROW

⁷ Georgy Dimitrov was Premier in Bulgaria and president of the Communist Party there.

⁸ The text of the Declaration of the Formation of the Cominform was published in *Pravda* for October 5, 1947. Translations of this communiqué, and of the Declaration of the Conference concerning the International Situation, and the Resolution on the Exchange of Experience and Coordination of the Activity of the Parties Represented at the Conference, were sent in despatch 1709 from Moscow on October 8. (861.9111/10-847) The Embassy in Warsaw also sent full translations in despatch 256 on October 7. (800.00b Communist International/10-747) An official translation of the Declaration on the Formation of the Cominform is printed in the *Annual Register*, 1947, pp. 521-525.

⁹ Georgy Maximilianovich Malenkov was a Deputy Chairman of the Council of Ministers of the Soviet Union and a member of the Politburo of the Central Committee of the All Union Communist Party.

¹⁰ Zhdanov made a long speech on the international situation before the organization meeting of the Cominform which was published in *Pravda* on October 22, 1947. A 17-page Joint Press Reading Service translation was sent to the Department in despatch 1760 from Moscow on that day, not printed. This report, which was bitterly critical of the United States, was in four sections: I. Post-War World Situation; II. New Relationship of Political Forces after the War, and the Formation of Two Camps—the Imperialist and anti-Democratic Camp on the One Hand, and the anti-Imperialist and Democratic Camp on the Other; III. The American Plan to Enslave Europe; and IV. The Functions of the Communist Party in Cementing Democratic, anti-Fascist, Peace-loving Elements to Combat the New Plans for War and Aggression.

Malenkov had also made an extended speech before the gathering which had established the Cominform which was an information report concerning the activity of the Central Committee of the All Union Communist Party. It was printed in full in *Pravda* for December 9, 1947.

861.00/10-747 : Airgram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

RESTRICTED

Moscow, October 7, 1947.

A-1020. Reference Embassy's telegram 3281, August 22, 1946.¹

Department will recall that reference telegram and many of Embassy's other reports since that date have recounted and emphasized political importance of great ideological retrenchment which began on August 14, 1946, with passage by Party's Central Committee of resolution condemning group of Leningrad writers, particularly Mikhail Zoshchenko² and Anna Akhmatova,³ for their authorship of harmful apolitical works. Zoshchenko, extremely popular writer of humorous short stories, was castigated in venomous terms, and his works received such appellations as "empty and vulgar," "non-political and devoid of ideology," "alien to Soviet literature," and "calculated to set Soviet youth on the wrong path and poison their minds!"

After attack and those which followed as other critics jumped on anti-Zoshchenko bandwagon, Zoshchenko disappeared from literary life, and, so far as Embassy knew, might have received more serious penalties.

With that background it is of interest to note that new series of Zoshchenko's stories have just appeared in recent issue (No. 9, September) of *New World*, one of USSR's chief literary magazines. Quite understandably, Zoshchenko's new effort is entirely different from his earlier biting humorous stories which, by implication at least, painted a scarcely attractive picture of Soviet life. These stories, by contrast, treat life of Soviet partisans behind German lines in ideologically orthodox manner.

Nevertheless, fact that Zoshchenko is able and permitted to write again only a year after high-level, public castigation for major ideological sins would seem to indicate mellowing of Soviet sanctions as applies to errant intellectuals and possibly more mature realization by regime that it has too few good writers to spare.

DURBROW

¹Not printed; but see telegrams 3284 from Moscow on August 22, and 3290 from Moscow on August 23, in *Foreign Relations*, 1946, vol. vi, pp. 774 and 776.

²Mikhail Mikhailovich Zoshchenko, literary writer famous for satirical short stories.

³Anna Andreyevna Akhmatova, lyrical poetess and translator.

800.00b Communist International/10-1147: Airgram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

RESTRICTED

Moscow, October 11, 1947.

A-1023. The declaration of the recent Communist Information Conference laid upon member Communist parties the special task of "taking into their hands the banner of the defence of the national independence and sovereignty of their own countries." That this task is to be carried out as a corollary to support of the Soviet Union has been well exemplified by the recent statements of prominent Communists of the countries participating in the "Cominform".

In the week preceding the Conference in Poland, meetings between the Aktiv of the All-Union Central Council of Trade Unions and trade union delegations of France and Italy brought reaffirmation of the old Comintern line that "support of the Soviet Union is one of the chief tasks of all Communists" (Stalin-*Pravda* 1925). Fachon [*Frachon*], then speaking for the French General Confederation of Labor, "promised to defend with all our strength the Soviet Union, a country which wants peace, is fighting for peace and is defending the cause of peace throughout the world". Saillant was "more than ever convinced that it is more and more necessary to understand, love and defend the Soviet Union". And Bitossi [*Bitosi*], representing the General Confederation of Labor of Italy, pledged the "forces of Italian democracy . . . to render determined opposition to the provocateurs of a new war, who are conducting an unbridled campaign against the Soviet Union".

The three statements correlate closely with Georgi Dimitrov's 1937 exhortation to party workers throughout the world—"You cannot carry on a struggle for Socialism in your own country if you do not oppose the enemies of the Soviet state where this Socialism is being fulfilled by the heroic efforts of the working people."

Pravda's assertion that the Information Bureau is not a revived "single world-wide Communist organization, with a centralized leadership such as the Communist International once was" is undeniable. The original International, "guided in its struggle by the principles of revolutionary Marxism", underwent a transformation during the purges of the thirties. The successor organization, often called the Stalintern, served rather as an instrument of Soviet policy than of revolutionary Marxism. As far as can be ascertained, its formal dissolution in 1943 ¹ had little if any effect on its operations which by that time were in great part underground.

¹ The process of dissolution of the Communist (Third) International from the resolution adopted by the presidium of the Executive Committee of the Communist International on May 15, 1943 (published on May 22) recommending this action, to the communiqué of June 10 of the presidium considering this organization abolished is described in *Foreign Relations*, 1943, vol. III, pp. 532-543 *passim*.

The statements quoted above indicate an obvious parallel between the views of leading party members of those countries participating in the Information Bureau and the well-established line of the Stalin-tern—to them, “defence of the Soviet Union” is emphasized at least equally with “defence of their own countries against imperialist enslavement”.

DURBROW

800.00b Communist International/10-2247: Airgram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

RESTRICTED

Moscow, October 22, 1947.

A-1081. Reference Embassy's Despatch No. 1709, October 8¹ and telegrams Nos. 3007 of October 8² and 3015 of October 10,³ regarding new European Communist Party organization.

Central newspapers have now begun to print items purporting to describe reactions of Soviet people to establishment of Cominform. First reports appeared in *Komsomolskaya Pravda* of October 8 and 9, and a half-page spread of several items was printed in *Pravda* on October 11. Since that date both papers have carried daily one or more items on subject. It is noteworthy, however, that treatment of Cominform has been almost completely confined to those two Communist Party publications. A few other papers carried reprints of *Pravda* editorial treated in Embtel 3015 October 10, and October 15 *Trud* printed report of reaction among workers. This limitation of coverage would seem to confirm interpretation made in last sentence of Embtel 2993 of October 6, i.e. that effort is being made to characterize creation of Cominform as purely Party affair and keep alive old fiction of non-interdependence of CP and Soviet Government.

Accounts which have thus far appeared in *Pravda* and *Komsomolskaya Pravda* have all been similar in form and content, being reports from various factories, collective farms, and other economic organizations of their members' reactions to establishment of Cominform. These reports usually describe meetings at which workers and/or Party members made speeches and expressed their opinions about new organization. Although some accounts gave impression that these meetings were spontaneous, others made no attempt to hide fact that they were organized by Party “agitators.” Indeed, an article in October 14 *Pravda* began: “The agitators in many undertakings and institutions of Moscow are continuing their little talks about the declaration of the nine Communist parties.”

¹ Not printed.

² Not printed; but see footnote 1, p. 594.

³ Not printed; but see footnote 2, p. 595.

As might be expected, each account expressed satisfaction, approval, or even "happiness" with which Soviet citizens greeted news of new association of Comparties and quoted remarks of individual workers on subject. These remarks conformed very closely to content and phraseology of communiqué and declaration announcing Cominform and to those of *Pravda* editorial mentioned above. Such close conformity is as might be expected, for narrowness of Party line and severity of penalties for mis-step encourage every Russian to stick closely to unquestionably authoritative source material when discussing political subjects. In present instance lack of variety in these "popular" comments on Cominform indicates paucity of such "safe" source material. For example, most speakers were reported as attacking warmongering of bourgeois imperialists, especially American; reiterating efforts of USSR to promote peace and proclaiming need for unification of all "progressive forces" like Communist parties for same purpose; promising greater efforts to strengthen Soviet Union, "the bulwark of peace"; repostulating that "the danger for the working class now lies in underevaluation of its strength and over-estimation of the strength of the imperialist camp"; and emphasizing that "no one will ever succeed in frightening us with atomic bombs."

However, behind this flood of parrotings of official line there lurked a few indications of deeper and more genuine public sentiment. Fact that announcement of Cominform did indeed make profound impression on people was revealed by descriptions of audience reaction in such terms as: "They listened in absolute silence" and "one could see that every phrase entered into the very heart of the workers."

Furthermore, strong desire of Russian people for peace was expressed again and again, more feelingly and far more frequently than phraseology of official propaganda would necessitate, making it appear that speakers had at last found a point on which their true feelings correspond with Party line and that they were making most of it. Phrase "our people do not want war" was repeated again and again; and one speaker said:

"We want to live in peace and friendship with the American people . . . We are sure that every honorable American will understand us: peace is dear to us, we need peace . . ."

Embassy believes this remark represents true feelings of all but small group of USSR's population. However, these feelings cannot be expected to have appreciable effect on Soviet Union's foreign policy; that policy is more accurately characterized by anti-bourgeois invective which dominates press items under discussion than by such genuine expressions of popular feeling as have crept into them.

DURBROW

811.917 America/10-2447: Telegram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

RESTRICTED

Moscow, October 24, 1947—2 p. m.

3093. Further conversation with customs chief makes it clear refusal release extra copies *Amerika* based upon effort prevent distribution more than 50,000 copies sold by Soyuzpechat.¹

When asked why copies not released customs chief stated could not understand why Embassy needed so many extra copies. When explained used to distribute to members of Embassy staff, members of diplomatic corps, and other interested persons, customs chief replied that he still could not understand why Embassy needed so many and pointed out that by release of 50,000 Soviet authorities had "lived up to the agreement". When further pressed as to reason for holding copies, customs chief promised look into matter. Impression gained, however, that he had high-level orders not release extra copies. Evident authorities have heard of copies distributed by members of staff on trips and otherwise and do not wish to permit any uncontrolled distribution.

Embassy can make no further recommendations at this time beyond those made in Embtel 3006, October 8.²

DURBROW

¹ The refusal to release more than 50,000 copies of *Amerika* magazine had been reported by Ambassador Smith in telegram 2826 from Moscow on September 12, 3 p.m. He had requested that an extra 500 copies of each issue for complimentary distribution should thereafter be sent by sea pouch to the Embassy, if they were available. (811.917 America/9-1247)

² Not printed.

861.9111/10-2947

The Ambassador in the Soviet Union (Smith) to the Secretary of State

RESTRICTED

Moscow, October 29, 1947.

No. 1783

The Ambassador refers to Embassy despatch No. 1641 of September 20, 1947,¹ regarding the attitude of the Soviet regime toward religious belief and has the honor to report a new development on this subject.

The authoritative newspaper of the Communist youth organization (the All-Union Lenin Communist Union of Youth), *Komsomolskaya Pravda*, printed on October 18, a brief but sharp attack on the editorial staff of the magazine *Young Bolshevik*, another organ of the same youth league, for having published in its June, 1946 issue a "politically

¹ Not printed.

harmful and theoretically illiterate" article on the attitude of a Komsomol (member of the youth organization) toward religion and for having compounded the sin with a similar article in its June, 1947 issue. The latter of these two articles was that described in the reference despatch.² Five copies of the Joint Press Reading Service translation of the item are enclosed.

The *Komsomolskaya Pravda* attack charges that *Young Bolshevik* had clumsily criticized and cast doubts upon the completely correct attitude of Komsomols who "consider it impossible and inadmissible for a Komsomol to believe in God and to observe religious rituals." It further criticizes the latter publication for emphasizing the use of educational methods to eliminate religious belief in the Komsomol rather than categorical prohibitions against ecclesiastical practices. "Such a presentation of the matter," states the item, "is nothing other than an attempt to prove the possibility of the reconciliation of materialism with popishness and idealism. Such a position essentially signifies a departure from Marxism."

The critical article proceeds to quote Comrade Stalin on the subject of religion and then lays down the dictum that, since the Komsomol member is obligated by the organization's charter to conduct anti-religious propaganda, he must naturally himself be free of superstitions and religious prejudices. It states categorically: "A young man cannot be a Komsomol unless he is free of religious beliefs."

Komsomolskaya Pravda concludes with the news that the Central Committee of the Komsomol (which itself is at least nominally responsible for both these publications, since its name appears on their mastheads) has promulgated a decree "on the mistake of the magazine *Young Bolshevik*," sharply condemning its position on this "deeply principled question" and noting that it has done damage "to the matter of the Communist education of youth." As is customary whenever Soviet "self-criticism" reaches the press, the account stated that "The Central Committee of the Komsomol has taken a number of measures to eliminate the mistakes of the magazine *Young Bolshevik*."

It is perfectly evident that the Soviet regime has an ulterior motive in thus resurrecting a year and a half old article from a second-rank journal and making it the subject of sharply corrective action, especially since the article under attack itself took pains to point out that "if a Komsomol believes in God and goes to church, he fails to fulfill his duties . . ." Such a procedure would be a characteristic method of indicating that the Soviet rulers have determined on a change in the ideological line toward religion. The evidence of such

² The article, "Science and Religion," appeared in *Young Bolshevik*, no. 6, June, 1947.

a change would naturally appear first in a Komsomol publication, for the current regime has long concentrated its anti-religious measures on the young people of the country.

If this article in *Komsomolskaya Pravda* does indeed constitute the first shot in a reintensified struggle against religious belief and practices in the USSR, it means that the Soviet rulers will replace "scientific enlightenment" and social pressure with which they have recently fought belief in God by more forceful methods of anti-religious activity.³ Such an alteration in policy toward religion fits logically into the pattern of ideological bowdlerization which the regime is currently inflicting upon the Soviet masses.

³ In this connection the Embassy had written in despatch 1641 from Moscow on September 20, that "the present Soviet rulers' attitude toward religion continues to be one of hostility tempered with a patience which is engendered by a belief that time is on the side of the regime and that a materialistic outlook, fostered by urbanization and by the state control of educational and propaganda systems, will gradually eliminate religion. . . . However, the Embassy has heard some reports, which cannot at present safely be regarded as more than rumors, to the effect that religious beliefs and practices, especially in the villages, are on the increase rather than otherwise. If there be any truth to these reports the Soviet government may eventually find it necessary to return to more forceful methods of dissuasion than those currently employed." (861.9111/9-2047)

811.42700 (R)/10-3147: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, October 31, 1947—1 p. m.

3138. Have just learned from sources with many important party connections that authorities worried about effectiveness of Voice of America programs. Discussions have taken place as to what measures should be taken and serious consideration being given to jamming. Source adds Voice of America much more effective than British-Russian broadcasts because news generally reported factually with a minimum of barbed anti-Soviet items which nevertheless usually are effective and hit the mark while British broadcasts are too British and too full offensive items. This information perhaps explains *Gudok* attack.¹

¹ The *Gudok* attack on the Voice of America programs appeared on October 24, 1947. It attempted to refute that life under capitalism was better than life in the Soviet Union, which it boastfully praised in well-worn terms. In reporting upon the article in telegram 3099 from Moscow on October 25 at noon, not printed, Chargé Durbrow concluded: "Very defensive tone this article indicates VOA hitting where it hurts. *Gudok* type defense not likely be effective for long time since Soviet people have different idea American living standards." (811.42700 (R)/10-2547)

Same source stated authorities more worried about *Britansky Soyusnik* than *Amerika* because former appears more regularly and language better.

This information most confidential and should be guarded with utmost discretion.

SMITH

861.00/11-147 : Airgram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

RESTRICTED

Moscow, November 1, 1947.

A-1140. In an otherwise unextraordinary article praising Party's leading role as organizer of victorious socialism, which appeared in No. 18 of *Party Life*, there are given newest figures regarding numerical strength of Communist Party in USSR. According to article, on January 1, 1947, Party had "over 6,000,000" members and "over 250,000" primary organizations.

Full figures given regarding growth of Party since 1917 are as follows:¹

	<i>Members and candidates</i>	<i>Primary Organizations</i>
"eve Revolution"	240, 000	—
March, 1921	over 730, 000	—
1922	—	slightly over 26, 000
1939	over 2, 400, 000	over 100, 000
January 1, 1941	" 3, 800, 000	over 170, 000
January 1, 1946	5, 800, 000	—
January 1, 1947	over 6, 000, 000	over 250, 000

Small size of increase between January 1, 1946, and January 1, 1947, would seem to indicate that Party's membership drive of recent years is now tapering off. Current emphasis is on replenishing ranks of Komsomol, which have been depleted by war and by passage of many members into Party.

SMITH

¹ A more detailed account of the membership of the Communist Party, with minor differences in the figures, was sent in despatch 1871 from Moscow on November 24, being "one of the most complete sets of figures on party membership to appear to date." For January 1, 1946, there was listed a total of 6,026,000, of which 4,599,000 were party members and 1,427,000 were candidates. The despatch included this analysis: "Highlighted in the course of party development are the rapid expansion of the revolutionary years, followed by retrenchment and the purge of 170,000 in 1921, the subsequent 'Lenin Enrollment' of 1924 which recruited 250,000 new members within the year, the continuing steady growth of party strength to the 1933 peak [total membership, 3,555,338] when members were being admitted at a rate of 400,000 a year—to be followed again by retrenchment and purge with an overall drop in membership of 1,400,000 between 1934 and 1938. By 1939, the cycle apparently begins to repeat itself—wartime expansion achieved a pace unprecedented in party history with enrollment jumping from two to six million in the course of eight years. Although specific figures are not known, the bulk of this increase took place from the second half of 1942 to early 1944." (861.00b/11-2447)

861.458/11-447 : Telegram

The Secretary of State to the Embassy in the Soviet Union

SECRET

WASHINGTON, November 5, 1947—1 p. m.

1919. Urtel 3164 Nov 4 6 p. m.¹ Following telegram to be sent Nov 6 from President Truman to President Shvernik:² "On this national anniversary of the Union of Soviet Socialist Republics, please convey to the people of the Soviet Union the sincere greetings of the people of the United States."

MARSHALL

¹ Not printed. Ambassador Smith had recommended that in view of the existing situation he believed if President Truman had any intention to send an anniversary message it should be limited to simple greetings. The text has been reprinted in the Department of State *Bulletin*, November 16, 1947, p. 960. A telegram on November 22 from Chairman Shvernik to President Truman requested him "to transmit to the people of the United States of America thanks for their greetings on the 30th anniversary of the founding of the Soviet State." (861.458/11-2447) The Department informed the Embassy in instruction 2056 on November 13, that no member of Cabinet rank had attended the reception at the Embassy of the Soviet Union in Washington on November 7; that representation from the Department and the Armed Forces had been limited; and the prevailing atmosphere had remained cool. (861.415/11-1347)

² Nikolay Mikhailovich Shvernik was Chairman (President) of the Presidium of the Supreme Council of the Soviet Union.

761.00/11-547

*The Ambassador in the Soviet Union (Smith) to the Secretary of State*¹

SECRET

[Moscow, November 5, 1947.]

EVALUATION OF PRESENT KREMLIN INTERNATIONAL POLICIES

The Warsaw Declaration of the nine Communist Parties, the aggressive attitude of the Soviet delegation in New York and the all-out ideological press campaign in the Soviet Union confirm that, despite soothing statements to the contrary, the Kremlin has not given up its basic aim—the defeat of capitalism and the conquest of as much of the world as possible. The recent reversion to aggressive tactics appears to

¹ This memorandum was enclosed in despatch 1809 from Moscow, dated November 5. The covering despatch explained that the memorandum had been "prepared by officers of the Embassy staff." The memorandum was "an attempted evaluation of the reasons for the hardening anti-Western Soviet Line and the creation of the newly formed Cominform." Among the general conclusions reached was that the Kremlin had decided that "the economic crisis in Europe and the general unstable conditions have brought about a 'revolutionary situation' which it hopes to exploit in an effort to consolidate the gains already won and further to increase its influence and control in Europe." The Embassy sent copies of this despatch to the Embassies in Belgrade and Paris. In a memorandum of December 12, Francis B. Stevens, Associate Chief of the Division of Eastern European Affairs, listed 17 additional missions and 10 consulates to which copies of this despatch should be sent.

be based on the belief that a so-called "revolutionary situation" has developed which if taken advantage of will permit the Kremlin further to consolidate its World War II gains and extend its influence and control.

The fulminations of Soviet statesmen and the Soviet press against imperialism, aggression, warmongering, interference in internal affairs and desires for world domination so accurately reflect Soviet practices, policies and aims that one sometimes wonders why they insist on calling attention to these matters.

However, on reflection it becomes clear that because these false accusations against others cause such confusion both the inconsistency of many Soviet claims and the long range consistency of Soviet policy are often forgotten.

A good illustration of the consistency of Soviet policies will be found in comparing the following peroration of Stalin's address twenty years ago on the occasion of the Tenth Anniversary of the Revolution with the tirade against Social Democrats in the recent declaration of the nine Communist Parties in Poland.

"... After dissociating social-democracy from Marxism, the October Revolution went further, by throwing off social-democracy into the camp of the outright defenders of capitalism, *against* the first proletarian dictatorship in the world. When the Adlers and Bauers, the Wellesees and Levys, the Longuets and Blums abuse the "Soviet regime" and extol the parliamentary "democracy," these gentlemen mean by this that they fight and will fight for the re-establishment of the capitalist order in the U.S.S.R., for the preservation of capitalist slavery in the "civilized" states. The present social-democracy is the *ideological prop* of capitalism. Lenin was absolutely right when he said that the present social-democratic politicians are "real agents of the bourgeoisie in the labour movement, the labour lieutenants of the capitalist class," that in the "civil war between the proletariat and the bourgeoisie" they will inevitably range themselves "on the side of the Versailles people against the Communards." *It is impossible to put an end to capitalism without putting an end to social-democracy in the labour movement.* Therefore, the era of the dying off of capitalism is at the same time the era of the dying off of social-democracy in the labour movement. The great importance of the October Revolution lies, incidentally, in the fact that it marks the inevitable victory of Leninism over social-democracy in the world labour movement . . ."

In the same vein the Cominform Declaration stated:

"A special place in the arsenal of the tactical methods of the imperialists is taken by the utilisation of the treacherous policy of Right Wing Socialists such as Blum in France, Attlee and Bevin in Great Britain, Schumacher in Germany, Renner and Scherf in Austria, Sara-

*All underlined phrases in italics in original. [Footnote in the source text. These phrases are here printed in italics.]

gat in Italy, etc., who endeavour to conceal the real aggressive nature of their imperialist policy under the mask of democracy and Socialist phraseology, and who in fact are in every way loyal assistants of the imperialists, bringing disunity into the ranks of the working class and corrupting their consciousness.”

There have been many zigs and zags in Soviet tactics since 1927 which have helped to confuse thinking about basic Soviet aims, but the more one studies past Soviet statements and policies the more one realizes how fundamental and deep seated the basic tenets are and how antagonistic they are to the aims, desires and hopes of Western democracy. The zigs and zags have run the gambit from out and out revolutionary hostility to the Popular Front with Social Democrats during the 30's, the pact with Hitler, Big Power unity, parliamentary “cooperation” and now back to anti-parliamentary, anti-imperialist revolutionary hostility and noncooperation. All were tactical moves except the first and last.

Despite many window dressing statements and declarations to the contrary, a cursory review of the fundamental statements by responsible leaders and spokesmen at party gatherings or elsewhere during the past thirty years reveals the consistency of Soviet thought—fundamental hostility to Western democracy, capitalism, liberalism, social-democracy—in short to all groups and elements not completely subservient to the will of the Kremlin and a fundamental desire to make the Soviet Union, “the prototype of the future amalgamation of the toilers of all countries in a single world economy.” (Stalin's Tenth Anniversary Speech, Nov. 1927.)

On the basis of actual Soviet propaganda and the recent Cominform Declaration, it is of interest to recall another statement by Stalin made in November 1927:

“It (the October Revolution) created that powerful and open center of the world revolutionary movement which it never *possessed* before and around which it now can rally and organize a *united revolutionary front of the proletarians and the oppressed nations of all countries against imperialism.*”*

The Cominform Declaration ended with the following similar appeal:

“Therefore the Communist Parties must head the resistance to the plans of imperialists expansion and aggression along all its lines—state, political, economic and ideological—they must consolidate and unite their efforts on the basis of a general anti-imperialist and democratic policy and assemble around themselves all the democratic and patriotic forces of the people.”

*All underlined phrases in italics in original. [Footnote in the source text. These phrases are here printed in italics.]

In the past three years the Kremlin has been most successful in extending its influence and control by other than purely revolutionary methods. The Lübeck-Trieste line is for all intents and purposes the Soviet western frontier. This was gained by conquest, political maneuvering, trickery, duplicity and Comintern cunning. In this process the Kremlin has also used the freedoms of democracy and parliamentar[ian]ism to establish the "new (totalitarian) democracies." By these methods it almost captured France, Italy and other countries and may still do so, even without the persuasive power of Soviet bayonets. But at the same time the Soviet leaders stepped on a lot of toes, exposed their real aggressive aims and finally antagonized many of their best admirers. They undoubtedly realize that most thinking people have caught on to their real motives and aims and now realize that the unspoken motto of the Kremlin is, "if you are not 100% with us you must be against us". This accounts in part for the dropping of the mask by withdrawing from the Paris Marshall-Plan Conference and the Cominform Declaration.

If the Soviet leaders had not decided that they have gained all they could by "cooperation" and parliamentary infiltration and also that they have completely antagonized millions of former well wishers, they would not have adopted the openly aggressive anti-western policy nor have permitted the public announcement of the revival of the European Comintern. They also undoubtedly hope that through the World Federation of Trade Unions they have gained sufficient control of many European trade unions to throw the balance in their favor.

It seems clear therefore that the Kremlin now believes that a "revolutionary situation" has developed which calls for more militant tactics if it wishes further to increase its gains particularly in Europe.

In studying the actual situation in France and Italy it is perhaps worthwhile to recall Lenin's definition of a revolutionary situation, made in 1915, which reads in part as follows:

"What, generally speaking, are the symptoms of a revolutionary situation? 1. When it is impossible for the ruling class to maintain their rule in an unchanged form; when there is a crisis in one form or another among the upper classes; a crisis in the policy of the ruling class which causes fissures, through which the discontent and indignation of the oppressed masses burst forth . . .; 2. When the want and suffering of the oppressed classes have become more acute than usual; 3. When as a consequence of the above causes, there is a considerable increase in the activities of the masses, who in peace time quietly allow themselves to be robbed, but who in turbulent times are drawn both by the circumstances of the crisis and the "upper classes" themselves into independent historical action." †

† Lenin: "Collapse of the Second International" 1915, Selected Works Vol. V. p. 174. [Footnote in the source text.]

It is possible that Stalin in surveying the gains made in Eastern Europe and in giving his consent to the Cominform Declaration recalled his own "revolutionary situation" prophesy made in 1924:

"Most probably the world revolution will develop along the line of a series of new countries dropping out of the system of imperialist countries as a result of revolution, while the proletarians of these countries will be supported by the proletariat of the imperialist states." ‡ (i.e., The "new democracies" and the World Federation of Trade Unions particularly the CGT in France and CGIL in Italy.)

That these fundamental tenets have continued to guide the thought of Soviet leaders is clear from the following pronouncements as well as from the recent Warsaw Declaration. Zhdanov in his Cominform speech used almost the same words as Stalin used in 1924:

". . . The second world war and the defeat of Fascism, the weakening of the world positions of capitalism, and the reinforcement of the anti-fascist movement, led to the disappearance from the imperialist system of a number of countries in Central and South Eastern Europe . . ."

In his important letter of February 12, 1938 in reply to Comrade Ivanov, Stalin in explaining that the final victory of socialism could not be achieved as long as Capitalist encirclement existed, reminded Comrade Ivanov of Lenin's admonition, "the continual existence for a long time of a Soviet Republic side by side with imperialist states is unthinkable. Eventually, either one or the other will win out."²

Again in his election speech of February 9, 1946,³ Stalin reiterated the same general thought. "Marxists have more than once stated that the capitalist system of world economy contains elements of universal crisis and military conflict, that, in view of that, the development of world capitalism in our time does not proceed smoothly and evenly, but through crises and catastrophic wars."

Having failed after the first world war successfully to capitalize on the "revolutionary situation," the Kremlin after the second world war used all possible dodges, tricks, and maneuvers through parliamentary or other means to wean away from the "imperialist system" as many states as possible. These tactics have paid good dividends in the establishment of the Lübeck-Trieste Line. On the other hand, the efforts to capture France and Italy by parliamentary means have so far not only failed but the unilateral noncooperation policies of the Kremlin have

‡Stalin: "The Tactics of the Russian Communists" Dec. 17, 1924. [Footnote in the source text.]

² See despatch 971 from Moscow on February 19, 1938, for the text of the letters from Ivan Filippovich Ivanov and from Stalin, *Foreign Relations, The Soviet Union, 1933-1939*, pp. 520-527, 524.

³ For comments on this speech by Stalin, see telegram 408 from Moscow on February 12, *Foreign Relations, 1946*, vol. VI, p. 694.

so antagonized the rest of the world as to bring about the situation the Soviet leaders fear most, a virtual coalition against them.

It seems clear, therefore, that other methods having been exhausted and believing that a "revolutionary situation" is developing, the Kremlin has decided to revert to the basic Bolshevik policy of extra-legal activities, strikes, intimidation, all-out smear campaigns, and threats, in order further to extend its influence and control. The stakes are high but the Kremlin undoubtedly considers the chances of success better than fifty percent. If it can win control of France, all of Europe will fall in line. If it fails to obtain this ultimate goal it hopes by strikes, sabotage and other maneuvers to nullify the full effectiveness of the Marshall Plan. Furthermore once we are fully committed to saving Europe they may then, if they deem it appropriate, shift their principal efforts to the Far East and Colonial Areas. On the other hand, if they succeed in gaining control of Europe, the front door to the Colonial Areas will automatically be opened to them.

The Kremlin therefore hopes to take full advantage of the growing European economic crisis, the development of which it will assist in every way possible, and hopes that in the long run the predicated economic crisis in the United States will force us to withdraw our attention from Europe and thus permit the Kremlin to take over. If it is unsuccessful in these efforts, the consolidation of the Communist forces announced at Warsaw will facilitate the adoption of a strong defensive position against anti-Communist forces.

Despite the aggressive tactics outlined above, it seems clear for many reasons, particularly the apathy and lack of ideological **enthusiasm** on the part of certain of Soviet people, coupled with the need of the Kremlin to rebuild its economic-industrial potential, that it neither desires or will force the issue to such a point as to become involved in a major war. The possibility cannot be overlooked, however, that these aggressive tactics may cause a serious incident to take place which, of course, might bring about an undesired war.

Thus on the eve of the 30th Anniversary of the Revolution, it appears that the Soviet leaders have taken a basic decision which may be summarized as follows:

Having gained all it can by exploiting the essentially non-Marxist-Leninist opportunities opened to it by World War II, the Kremlin has openly reverted, at least for the time being, to what has always been its fundamental policy, the irreconcilability of Socialism and Capitalism, and has decided to try to take advantage of what it believes to be a "revolutionary situation," in an effort to consolidate the gains already won and further to increase its power, influence and control.

We must recognize these factors and adopt positive policies to counteract them. One of the most effective ways to prevent the success

of these maneuvers is to get over to the masses of Europe as well as the rest of the world the realities of life under the Soviet totalitarian police system. If this can be done on an objective continuing basis, the Kremlin's policies will be ineffective and it will lose much of its influence in the world at large. If the majority of the workers and peasants of Western Europe realize what their plight would be under a Soviet controlled regime they would not be so susceptible to Soviet propaganda claims. They would put their shoulders to the wheel to bring about the economic recovery fostered by the Marshall Plan and the Kremlin inspired "revolutionary situation" would vanish into thin air.

How long the Kremlin will continue openly to follow revolutionary tactics will depend to a large extent on our own strength and firmness, our success in exposing the realities of life under the Soviet system, and particularly in the effectiveness with which we complement our plans for stabilizing conditions. Soviet leaders fish in troubled waters, and think primarily in terms of relative power. Faced with resolute determination on the part of the democratic world, they will halt and probably will retreat.

If we remain calm, firm and strong; do our part to place in order the household of western democracy, and demonstrate that free enterprise can outstrip economic regimentation, we have little to fear. If, on the other hand, at this most critical time, we fail to maintain our strength and to take firm, positive and immediate action to meet the Soviet threat, to counter their political and economic offensive, and to force them to withdraw from their advancing positions, we will be confronted first by a Soviet controlled Europe. Following this, inevitably, the territory from the North Cape to Dakar and from the Bering Straits to the Dutch Indies will be painted red on the map, while we remain virtually alone to face a menacing and powerful hegemony.

311.60P3/11-547

Memorandum by Mr. Richard W. Flournoy, Assistant to the Legal Adviser for Special Affairs, to Brigadier General Conrad E. Snow, Assistant to the Legal Adviser for Political Affairs

[WASHINGTON,] November 5, 1947.

Before the attached draft letter to Judge O'Brien of the Probate Court of Wayne County, Michigan, and note to the Latvian Minister ¹ are sent in to Mr. Gross ² for signature I think that they should be

¹ Dr. Alfreds Bilmanis. No drafts found attached to the file copy.

² Ernest A. Gross was the Legal Adviser, Department of State.

approved by you and Mr. Johnson of EE. Just why this case was sent to Le/S in the first instance I do not know. Perhaps it was regarded as a "special problem", although I have not yet learned just what that term means.

I have discussed these drafts with Mr. Keegan³ who prepared them, and, while I believe that they are correct, they seem to require attention by you as well as Mr. Johnson.

It appears to me that, when the Department is called upon to authenticate the Seal of the Soviet Embassy or signature of the Soviet Ambassador or Chargé d'Affaires appearing on documents executed before Soviet officials in Latvia, Lithuania or Estonia, it might follow any one of three courses, as follows:

(1) Refuse to authenticate the document when another one is received, and at the same time inform the sender that such refusal is due to the possibility that the authentication might be construed as a recognition by this Government of the sovereignty of the Soviet Union in the country in question;

(2) Authenticate the document and send it along without comment, leaving it to be explained when occasion arises that the authentication does not imply recognition of the legal authority of the Soviet official in the country in question to act in connection with the execution of the document;

(3) Authenticate the document, but at the same time inform the sender that the authentication does not mean such recognition.⁴

The first course indicated would probably result in obstructing commerce between the United States and the foreign countries in question, as well as prevention of persons from receiving property due them, while the second might be taken to mean that our Government has receded from its stand with regard to the relationship between the countries in question and the Soviet Union. I am inclined to think that the third course suggested would be preferable to either of the others, but that would seem to be a matter for you, rather than myself, to decide.

Unless it is decided that all authentication cases are to be sent to Le/S as "special problems", I shall endeavor to see that any other cases of this kind sent to Le/S shall be forwarded directly to Le/P. However, since this case was sent here and drafts were prepared by Mr. Keegan, I have initialed the latter, subject to any changes which

³ James M. Keegan, of the Office of the Legal Adviser for Special Affairs.

⁴ In a memorandum of November 20, C. Burke Elbrick, the assistant chief of the Division of Eastern European Affairs, believed that this suggestion would best serve the interests of American citizens. "If this solution is adopted, it is suggested that the persons initiating the action with the Department be informed that the authentication does not imply recognition by this Government of the sovereignty of the Soviet Union over the country in question nor the right of a Soviet official to function in such country." (311.60P3/11-2047)

you may find desirable, and am making the above suggestions for what they may be worth in solving a rather tangled problem.

R[ICHARD] W. F[LOURNOY]

861.415/11-847: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

RESTRICTED

Moscow, November 8, 1947—7 p. m.

3183. Assume full text Molotov 30th anniversary speech available Department, text nevertheless being pouched.¹ Speech interesting as much for implications as substance. Speech is public declaration of world-wide destiny of Communism "to which all roads lead." General theme calls for militant consolidation and extension Communism throughout world, highlights inevitable fall of capitalism and replacement by Socialism-Communism, implies revolutionary situation developing which "demands unity all forces anti-imperialist and democratic camp."

Following seem major highlights as seen from Moscow:

1. Molotov's new division Soviet history into three periods of (1) consolidation revolution at home, (2) late war, (3) period post-war development, which carries implication Communism expanding from well-established Socialist base in USSR.

2. Speech continues use of war devastation as excuse for failure increase living standard. Despite boast bumper harvest and attainment pre-war industrial output level, Soviet people must again be content with promise "all conditions have been created in our country for rapid rise of standard living of all people and further enhancement of might of Soviet state."

3. Statement "both science and practice graphically show, while foundation of Socialism in Soviet Union is growing firmer with every passing day, pillars of capitalist society in Europe have long been rotten through and through", followed by description of advance Socialism in eastern Europe, implies ripening revolutionary situation

¹ Despatch 1823 with the text of Molotov's speech of November 6 at the solemn session of the Moscow Soviet was sent on November 13: not printed. (861.9111/11-1347) For comments on the anniversary speech by Zhdanov in 1946, see telegram 4096 from Moscow on November 8, and telegram 4105 from Moscow on November 10, *Foreign Relations*, 1946, vol. VI, pp. 801 and 804.

The total of 84 slogans prepared for this anniversary was sent in despatch 1824 from Moscow on November 13, also not printed, with the comment that they were very similar to the slogans of the year before and contained little of unusual interest, although the special tribute to Stalin was not repeated. (861.9111/11-1347) Stalin himself spent the anniversary at Sochi. For comparison of the slogans in 1946, see telegram 4055 from Moscow on November 2, *ibid.*, p. 799.

in France and England which has become historical necessity for both countries.

4. In reviewing past international relations Soviet regime exclusively in terms capitalist encirclement and hostility, Molotov makes plain Stalin's "international cooperation" policy has no chance success. Therefore, "task is to unite all anti-imperialist and democratic forces of peoples into one mighty camp cemented by common vital interests, against imperialist and anti-democratic camp and its policy of enthralling nations and of indulging in new adventures."

5. Decrying capitalist rottenness, Molotov not only boasts that Soviet Union has atomic bomb secret,² but warns capitalists should not play dangerous game with their own destiny clearly implying monolithic Communistic structure could survive [atomic?] world conflict, capitalist structure would not.

6. This theme is further developed in peroration by full endorsement of Cominform and statement "united forces of democracy and Socialism in Europe and outside Europe, together incomparably stronger than opposing anti-democratic camp of imperialism."³ Interesting note in contrast to hundred previous statements to contrary Molotov frankly asserts world Communism "can no longer be directed from one center," an illuminating admission of true nature of Comintern.

SMITH

² According to the text of his speech sent in despatch 1823 from Moscow on November 13, Molotov said: "It is known that a new and curious religion has been spreading in US expansionist circles: lack of faith in their own internal forces is balanced by faith in the secret of the atom bomb, although this secret has long ceased to exist. (Prolonged applause)." (861.9111/11-1347)

³ Articles in the Soviet press interpreting Molotov's speech were summarized in airgram A-1245 from Moscow on November 19. With respect to this thought "these articles appear to be designed to inspire both pride and confidence in Soviet citizen; pride in achievements of USSR and its growing influence in world affairs and confidence in the government and the party. The emphasis which these articles place on growing strength of Soviet Union seems at once to be both an attempt to convince people that government is truly pursuing a policy of peace and at same time to develop such a strong sense of self-confidence in the people that they would remain unaffected by any possible Soviet defeats at London CFM or elsewhere on political propaganda front." (861.415/11-1947)

800.00b Communist International/11-1347: Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

CONFIDENTIAL

BELGRADE, November 13, 1947—5 p. m.

2217. Embtel 2211 November 12.¹ Embassy feels unobtrusiveness first issue Cominform fortnightly indicates its primary purpose was to

¹ Not printed.

“break the ice” and lay down the basic documentation.² Lack of substance in single editorial likewise suggests that official line has not been fully formulated pending meeting Cominform Executive Committee which is now rumored to be scheduled to coincide with opening CFM meeting London.

No edition appeared in Serbian as reported Embtel 2211 November 12.³ French, Russian and English editions, however, all exceedingly well-printed and indicate use of new type.

Sent Department 2217, repeated Rome, Paris, London, Moscow, Praha, Warsaw.

CANNON

² Ambassador Cavendish W. Cannon remarked in telegram 2191 from Belgrade on November 7, 1 p. m., not printed: “I can report only very slow progress in establishment seat Cominform here. Many rumors are current but few can be verified or denied. Yugoslav Government said to be requisitioning homes for Cominform officials in suburbs. Building on Red Army boulevard said to be reserved for editorial offices. Radio reportedly will be heavily used as Cominform medium with new Belgrade shortwave transmitter recently imported from USSR as parent station.” (800.00b Communist International/11-747) The observation that practically no information was available to the public about the new organization and its publication was sent in telegram 2342 from Belgrade on December 19, 9 p. m.; not printed. (800.00b Communist International/12-1947)

³ The third issue of this journal appeared in the Serbian language, and future issues were also to be in Serbian.

861.404/11-1047

*Memorandum Prepared in the Department of State*¹

RESTRICTED

[WASHINGTON,] November 14, 1947.

According to press reports, Metropolitan Gregory of Leningrad terminated his visit of some three months to the United States on November 1, 1947 when he departed from New York for Odessa aboard the Soviet ship *Rossiya* (see enclosed FBI memorandum of November 10 regarding possibility that he is still in the United States²). The following items are of interest in connection with his stay in this country.

Metropolitan Gregory's visit, which was intended (a) to effect “peace” within the Russian Orthodox Church in America and (b) to implement the decision taken by that Church at its 1946 Cleveland Convention³ to accept the “spiritual domination” of the Moscow Patriarchate, was proposed by Patriarch Alexei on January 24,

¹ Sent to the Embassy in the Soviet Union as an enclosure to instruction 2061 of November 22.

² Not printed.

³ The VII All-American Council met in Cleveland in November 1946 and requested reunion with the Russian Orthodox Church on the basis of autonomy.

1947.⁴ Metropolitan Fiofil, head of the American branch of the Church, did not prove receptive to this proposal, evidently suspecting that Gregory's visit might have political as well as spiritual implications. Gregory's chief purpose, therefore, was to convince Metropolitan Fiofil and other "reactionary" church officials and laymen of the purely "spiritual" character of the proposed relations, a task which was vastly complicated by the fact that Fiofil and his followers not only steadfastly refused to see Gregory but went to some lengths to avoid a meeting with him. Fiofil, for instance, started on an "inspection tour" of his parishes as soon as Gregory arrived in this country. When Gregory finally flew to San Francisco in an effort to contact Fiofil personally, the latter became so "ill" that he was not allowed to see anyone.⁵ Gregory's return to New York brought about a quick recovery on the part of Fiofil. A further obstacle to the success of Gregory's mission was the reported incident (corroborated by the enclosed FBI report of November 6, 1947⁶) averring that at the time of Gregory's debarkation in New York, several "boxes" which had arrived with his luggage were picked up at the docks and were taken to the Soviet Consulate General in that city. This occurrence was given wide publicity in the Russian-language press in this country by the publication of an open letter from Archbishop Leontii of Chicago⁷ stating that this supported his contention that Metropolitan Gregory's visit had political as well as religious implications and that he and other high Russian Orthodox Church officials in the U.S.S.R. were being used as "tools" by the Soviet Government.

It is not surprising, therefore, that Metropolitan Gregory's visit occasioned no apparent progress towards a decision acceptable to all factions of the Church in America, although it did reactivate the prob-

⁴ The Patriarch Alexey of Moscow and All Russia approved the reception of the Metropolitan Theophilus (Fiofil) of the Russian Orthodox Greek Catholic Church of North America and his clergy into religious communion with the Russian Orthodox Church, but schismatic activity still persisted.

⁵ While in San Francisco the Metropolitan Gregory of Leningrad and Novgorod stated that "his church as well as other religious cults are entirely free from the government in their internal affairs and that the guarantees of freedom of religion and freedom of religious faith stated by the constitution [of the Soviet Union] are being strictly upheld." During and since the war, he said, the church "has been overflowing with believers". The church had unified its aims with those of the people who had looked to it for religious and moral support so that by this fusion it "gave to the people the necessary strength to endure suffering and destruction and to gain final victory. Since the government could not help but notice this miracle it rewarded the church for its services not only before the native Russian people but indeed before the whole world." The Metropolitan also averred that "the Russian people have always had a warm feeling of friendship and admiration for the American people and that this feeling remains unchanged."

⁶ Not printed.

⁷ Archbishop Leonty (Leontius) succeeded Theophilus upon his death as Metropolitan.

lem of relations with the Moscow Patriarchate and probably brought closer the time when a decision will be reached. In this connection a Convention of Bishops was convened in San Francisco on November 12 for the purpose of "clarifying" in the minds of the Church officials in this country the resolution adopted at the 1946 Cleveland Convention. Current press bulletins from the Convention indicate that the Bishops consider the question of relations with the Mother Church as "liquidated". However, Metropolitan Gregory, who considers his mission to have been a failure, has stated that any such "clarification" emanating from a conference restricted to Church officials will be unacceptable to the Mother Church and that the Moscow Patriarchate considers the first possible opportunity for an acceptable decision as being the general church convention of clergy and laymen to be held in 1949.

Upon "leaving" Gregory stated that the blame for the breakdown of his negotiations with the Church officials in this country lay entirely with "certain bishops" who had insisted upon the insertion in the agreement with the Mother Church of certain "unacceptable clauses". In his opinion the impasse in negotiations has placed the American branch of the Church in the position of an entity entirely separate from all other branches of the Orthodox Church, in which connection he stated that the interdiction laid upon Metropolitan Fiofil by the Moscow Patriarchate and temporarily suspended during the period of the recent negotiations, could again be considered in force. However, upon his "departure" Metropolitan Gregory announced that he was leaving the way open for future negotiations by accepting a telegraphic offer from Metropolitan Fiofil that each of them appoint a bishop in the United States to carry on whatever future negotiations might appear to be necessary. Fiofil's reaction to this announcement was a vigorous denial that he had made such a statement.

Bishop John of Brooklyn, who according to the statement made by Gregory, is Fiofil's appointee in this regard, summarized the attitude of the "reactionaries" in a recent letter to Mr. Thompson, Chief of the Eastern European Division, in which he said in part:

"The doors of agreement with the Russian Church have not been closed, but a certain dead end is felt. We find ourselves, psychologically, between a desire not to weaken the Church in Moscow, which is the best refuge of the anti-materialistic forces of the Russian people and at the same time not to permit in the slightest degree the utilization of its relations with us for the dissemination of any kind of internal or external Soviet 'propaganda' (which would not, of course, come from the Church, itself.) . . . All this impels us to lay aside the question of agreement with the Russian Church for an indefinite time, if it does not show itself agreeable for its part to our full autonomy, in accordance with the decision of the Cleveland Congress of 1946."

It is difficult to estimate the percentage of Russian Orthodox Church members in the United States who approve of a spiritual tie with the Moscow Patriarchate but it appears that they are in the majority and that, while they are under no illusions as to the political policies pursued by the Soviet Government, they are unwilling to believe that members of the clergy in the Soviet Union would find it possible even under extreme pressure or for purposes of expediency to collaborate with the Soviet Government on any "extra-religious" undertakings. On the other hand, the "reactionary" element, which fears political implications in connection with the proposed tie with the Moscow Patriarchate, may have been influenced by their desire not to become involved in any of the current investigations of Communists in the United States.

711.61/11-1547 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, November 15, 1947—6 p. m.

3222. With creation Cominform, particularly propaganda aspects and vicious anti-American campaign Soviet controlled press and at UN, plus possible Soviet use revolutionary tactics, it is increasingly clear most effective way to combat Kremlin efforts nullify our aid program and extend its control is to expose to world the realities of Soviet policies and the facts of life in countries where Soviet totalitarian methods exist. As long as myth of Communist paradise persists in minds of substantial section of European masses, Soviet propaganda will continue to be effective weapon against any recovery plans. Just talking about our type democracy, reiterating the unselfishness of our aims and pouring billions in goods into Europe is not sufficient if large section European population is not made cognizant basic untruth of Soviet propaganda.

I hope the Department has been able to initiate some of the measures suggested mytels 2094, June 10; 2349, July 5; and 2769, September 3.¹ To be effective such campaign should be on continuing factual "little steps for little feet" basis using primarily first hand sources. I do not have in mind an all-out propaganda campaign but rather the adoption of research and organizational measures to enable us methodically, objectively and factually to expose false Soviet assertions, debunk Soviet propaganda, and clarify our own policies.

In addition to suggestions made in reference telegrams, following methods and sources might be useful.

(1) Inconsistencies in Soviet claims and consistency in basic policies are too often forgotten. Like Hitler in *Mein Kampf*, Lenin, Stalin

¹ Last two telegrams not printed.

and other Soviet spokesmen have continued to lay their souls bare and tell the world their objectives, despite periodic eyewash statements to the contrary. We should bring out this fact by liberal quotes from these authors showing the consistency of policy, unjustified claims and unfulfilled promises for the past 30 years.

(2) Recall Molotov's statement on non-interference when Rumania surrendered, contrasting it with what actually happened. Show fate of many liberal leaders who thought they could get along with Communists, Petkov, Mikolajczyk, Nagy, Bierut, Tatarescu emphasizing creeping paralysis which overcomes all who accept Communist embrace.

(3) Show that under fully planned economy essential not only allocate materials but also labor to various types of work whether desired or not so that labor loses individuality and becomes a chattel like a draft animal to be used where boss thinks best. Point up recent regimentation and militarization of Soviet civilian services (i.e. miners, river fleet workers, etc.). Plight of children taken into factory schools to work where assigned by government (Embtel 2298, June 28; 2460, July 18; A-717, July 19; A-872, Aug. 30; A-1131, Oct. 31); ² control of workers through labor books; that trade unions have no say in wages arbitrarily fixed by government (Embdes 1571, Aug. 25 ³ and subsequent labor notes); cost consumers goods arbitrarily set by government emphasizing trebling prices 1946; use data from court reports and publicize heavy sentences for what would be misdemeanors in west; type of work done by Soviet women, (Embdesp 1724, Oct. 11 ³).

(4) Make available to American and European masses full quotes from Soviet intensive campaign during past year in effort "sell glories" of regime to Soviet people and endeavor to instill patriotism in them. It is sad commentary on effectiveness of regime which after 30 years has to beg, plead, threaten its citizens to believe in ideology and be patriotic.

(5) Point out plight Soviet wives married foreigners impossibility Soviet citizens to travel abroad for pleasure or emigration purposes; difficulties of foreigners to obtain Soviet visas and travel freely in country as striking commentary on regime which fears to let its citizens see other countries or to permit foreigners see freely for themselves realities of Soviet life.

(6) Work up statistics to contrast productivity American workers to Soviet workers. (e.g. 78 million Soviet farm population required feed, not too well, 194 million, while 26 million American farmers feed 140 million Americans and still feed millions abroad).

² None printed.

³ Not printed.

(7) Use table similar that used correspondent Paul Ward to show how many hours Soviet citizens have to work to earn loaf bread or suit, etc., compared American worker.

(8) Explain totalitarian nature of regime and give factual account of actual structure of minority party dominated government (Mydesp No. 1636, September 20 ⁴).

(9) Publish texts of 1939-40 Molotov talks and agreements with Nazis.

(10) Quote from Molotov and other Soviets pro-Nazi statements 1939-41 (OWI report No. 4250, March 25, 1947).

(11) Give conservative objective figures on actual size Soviet Army, long compulsory military service, etc., as compared ours.

(12) Publish figures on hundreds of thousands Soviet troops who turned traitor during war and joined *Wehrmacht*.

(13) Publish figures of Soviet officers and men now deserting our zone Germany.

(14) Obtain from these men, as well as full-fledged Soviet DPs (not from newly acquired territories) factual, unexaggerated statements of their own plight under Soviet regime, emphasizing 1933 famine, forced labor, low wages and standard of living, (get story from Boldyreff group Casablanca's despatch 686, October 7 ⁵).

(15) To counteract Soviet attacks on plight of minorities in West remind world of fate of Volga German and Ingushi minorities.

(16) Remind public of number of treaties, non-aggression pacts, and other agreements which Soviets have broken.

In contrast to real Soviet picture, we should give factual account of our type capitalism, how many workers own stock in factories, small amount of piece-rate work US compared to large percentage Soviet Union, amount of US social security, etc. Above everything else, and by all possible means, counteract the terrible and developing fear of imminent war which is overpowering Europe and which Soviet Union is fostering by "warmonger" propaganda in order to retard economic recovery. If this fear is materially lessened the greatest deterrent to the accomplishment of the Marshall Plan will have been removed, and a strong moral incentive to return to constructive work will be provided.

If material such as above is to be made readily available in concise form for our press, radio and other agencies for disseminating infor-

⁴ Not printed.

⁵ Not printed. Under the leadership of a White Russian refugee named Boldyreff (Boldyryev), who had organized in the American zone in Germany a few thousands of displaced persons, mostly Soviet citizens who were opposed to any return to the Soviet Union, small groups of these displaced persons had arrived in Morocco between July and September. More were expected to come. They had located near Casablanca, and were finding gainful employment.

mation, all of which must be utilized to the maximum possible extent, it will be necessary to build up a small but strong staff to concentrate on this work, capable people who have served in Moscow, or who are now serving here can be obtained and held. Obviously if information not well documented and objective it would boomerang and small sum to pay substantial attractive salaries to these persons would be drop in ocean compared money saved through effective campaign.

One of the most effective media to counteract Soviet claims and propaganda is through our delegation at UN. Special counter-propaganda secretariat should be set up. It should be provided with complete well indexed files to make immediately available detailed quotations from previous Soviet statements or announced theories Lenin, Stalin and others so that our delegates can immediately reply or ask pertinent questions and thus nullify propaganda effects on [of?] Soviet claims by having refutations appear in same news item with Soviet charges (i.e. type data Embtel 2914, Sept. 24 ⁶). Soviets use this method very effectively against US but their shifting tactics, untrue claims and consistent revolutionary policies are most vulnerable to continual exposure. They count on short memories. We must take this weapon from them.

Secretary Harriman asked to have our ideas on this subject.⁷

SMITH

⁶ Not printed.

⁷ In telegram 1957 to Moscow on November 18, 6 p. m., Acting Secretary Lovett expressed great appreciation for the helpful suggestions in this telegram, as being an important contribution to the line along which the Department was now working in combatting anti-American propaganda in the Soviet Union. (711.61/11-1547)

800.20261/11-2947 : Airgram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

SECRET

Moscow, November 29, 1947.

A-1278. Constant and high-powered attention has been devoted in Soviet internal propaganda since June toward imposing upon the consciousness of the population the implications and objectives of the State Secrets decrees. The seriously adverse effect of this campaign on the conditions under which the Embassy must conduct its information gathering activities is becoming increasingly manifest.

The spearhead of the campaign has been Col. General Ulrich,¹ the country's outstanding trial judge who has presided over most of the notorious treason and espionage trials held since the Revolution. His

¹ Col. Gen. Vasily Vasilyevich Ulrikh (Ulrich) was Deputy President of the Supreme Court of the Soviet Union, and President of the Military Collegium of that court.

violent charges that foreign countries are attempting in every way to introduce agents for the gathering of information which will help undermine the Soviet regime were the burden of his public lecture in August and article in *Party Life* in September (Embassy despatches 1640 and 1772²). *New Times* asserted that the foreign embassies in Moscow are one source of spies (A-955, September 18³). A lengthy legalistic discussion of the decrees by Professor V. D. Menshagin provided a basis for consideration of the matter in legal circles (Embassy despatch 1707⁴). Mass publicity has been carried on chiefly through the military services papers, *Red Star* and *Red Fleet*, which tends to tie the question in the minds of the people more closely to the defence of the country (A-1217, November 17⁵).

The following are some examples of the constricting effect of this campaign on the Embassy's sources of information:

1. In mid-August an Embassy officer travelling from Vladivostok to Moscow was unable to engage his car companions in a single conversation throughout the 10½-day journey—quite in contrast to his previous experience and contrary to the normally congenial and garrulous Russian nature.

2. The recent detention of the British Military Attaché for alleged espionage during the course of his customary hiking excursion.⁵

² Neither printed. The Embassy commented upon Ulrich's lecture of August 28 entitled "On the Vigilance of Soviet People" in despatch 1640 from Moscow on September 20: "Since Ulrich mentioned that all infringements of the State Secrets decree will be tried in a military court and since the decree itself establishes such drastic penalties for what would be considered in the United States merely security violations (the decree specifically states that it applies only to offenses 'which cannot be described as treason or espionage') and defines as a 'state secret' almost all military, economic, agricultural and technical information, it is clear that the Soviet government is imposing on its people a far more severe code in peacetime than most civilized countries use in wartime. Indeed, the fact that this new code was applied in the USSR only after the end of hostilities would seem to indicate that the Soviet government considers the present threat of espionage from some quarters greater than that from its recent enemies." (S61.04417/9-2047)

³ Not printed.

⁴ Menshagin's article entitled "The Strengthening of the Protection of State Secrets" was published in *Sovetskoye Gosudarstvo i Pravo* [The Soviet State and Law], no. 8 (August 1947), and was commented upon in the Embassy's despatch 1707 from Moscow on October 8: "This article is important as being the first scholarly effort to interpret the significance and application of the state secrets act, and as an attempt to justify its promulgation with emphasis on the legal justification. Furthermore the article reveals that the government is still constrained to remind the people that the USSR exists in a perpetual state of war, even though formal warfare has ceased. . . . The severity of these decrees and this specious attempt to justify such an extreme measure indicate that the government still finds it necessary to threaten, drive and even coax the Russians into a fighting Bolshevik mood. The entire campaign would appear to argue a war-weariness of the people and apathy on their part towards the Party goals." (S61.04417/10-847)

⁵ Brigadier (later Major General) Richard Hilton was twice molested by police authorities of the Soviet Union, once in October on a charge of spying with field glasses, and again about November 22. This time the British Ambassador was instructed to make a strong and frank protest over the treatment accorded.

Whether it resulted from the zeal of security conscious factory workers or was an official "frame-up", it was definitely used to put the finger on foreign diplomatic personnel in Moscow.

3. A Moscow official curtly refused to discuss with a member of the Embassy staff a routine matter, similar to many discussed with him in the past, and abruptly stated that there are new regulations now and the matter should be referred to the Ministry of Foreign Affairs.

4. In two instances recently, persons with American connections have been removed from good jobs and in one case permission to live in Moscow was canceled.

5. The American newspaper correspondents here who are always cooperative in imparting useful items of news to the Embassy report a noticeable drying up of their Russian sources.

6. The gathering of information from visiting American engineers and businessmen, is also in jeopardy. Ulrich classes all foreign engineers and businessmen as potential spies and Menshagin makes it clear that any foreigner who should divulge state secrets, which now include information on "industry as a whole and its various branches, agriculture, trade and transport" is definitely open to prosecution under a charge of espionage.

DURBROW

761.00/12-147 : Telegram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

SECRET

Moscow, December 1, 1947—3 p. m.

3304. It seems clear judging from the lengthy lead articles in latest *World Economics and World Politics* (No. 10 sent to press October 27) that Varga's recent chastisement was more of tactical or correctional nature than prelude to his removal from scene.¹ His latest piece entitled "Thirty Years Of Socialism And Capitalism" while in many respects a rehash of his previous mouthings, reflects also effects of his chastisement in its glowing endorsement of Cominform declaration and the reiteration on almost every page of the doctrine of absolute and inevitable collapse of capitalism and final and full victory for Soviet type socialism throughout world. He concludes his article "there can be no doubt whatsoever of outcome of struggle: The final

¹ Evgeny (Eugene) Samoylovich Varga was a prominent Hungarian-born economist in the Soviet Union, who was secretary of the economic and law sciences section of the Academy of Sciences of the Soviet Union. As part of the struggle for control over cultural affairs by Party dogmatists, led especially by Andrey Alexandrovich Zhdanov, serious faults of a bourgeois-reformist nature had been found and criticized in the official press in his book *Changes in the Economy of Capitalism as a Result of the Second World War*, published in 1946. After October 1947 he was no longer the director of the Institute of World Economy and World Politics, which was to be fused with the Institute of Economy of the presidium of the Academy of Sciences into a new Institute of Economy with one of his chief critics, Konstantin Vasilyevich Ostrovityanov, as director. Varga was restored to full favor in 1949.

victory of socialism will liberate mankind from the oppression of capital, from new destructive and bloody wars."

On other hand one of most striking new notes is his frank admission that; "in US, regardless of fact that the general crisis of capitalism is markedly apparent in field of economy, the capitalist social order, in contradiction to that of Europe, is still quite firm in its social and political aspect;" and that "reaction inevitably will meet with defeat although externally its force still appears considerable." Moreover, in contrast to his several positive predictions of the imminent economic crisis in US, he carefully avoids any implication of imminence by stating; "from the historical point of view the victory of socialism throughout the whole world is secure. It goes without saying that it is impossible to anticipate ahead of time when actual final victory of socialism in the struggle of the two systems will occur." He further qualifies his prediction by pointing out that although the transition from slave economy to feudalism took fifteen hundred and feudalism to capitalism took three to four hundred years "capitalism and socialism will exist side by side for a considerably shorter period."

He clinches argument of inevitable socialist victory and inevitability of a conflict by quoting Stalin's prediction; "in the course of the future growth of the international revolution there will be set up two centers of world scope: A socialist center which attracts to itself the lands that are leading toward socialism, and a capitalist center which attracts to itself the lands that are tending toward capitalism." This prediction, he continues, has now come true; "there are two centers, two fortresses of the warring systems: The Soviet Union, the fortress of socialism, and the USA, the fortress of capitalism."

This means, he says, "in the present historical period any opponent of the Soviet Union is a reactionary and every reactionary inevitably is an opponent of the Soviet Union."

While in his customary manner he uses highly selected unfavorable statistics and untenable economic premises to "prove" advantages of socialist economy the article is more political than economic polemic.

Although he predicts eventual victory of socialism in Europe he admits it will not be easy. It is perhaps significant therefore, that he expatiates at length on and gives particular emphasis to China and Asiatic colonial areas, "the most thickly populated areas of the world" and their "striving for greater independence". While castigating the Indian bourgeoisie for their cooperation with English bourgeoisie, he declares; "the broad masses of the colonial workers and peasants are striving, with decisive force, toward the final liquidation of the colonial system." He asserts therefore that; "after second world war much armament remained in hands of natives. The national-liberation movement of colonial peoples has an enormous progressive significance.

Granted favorable circumstances, the colonial and independent countries, liberated from imperialist domination will be able to by-pass completely the development of capitalism." Elaborating this point he states; "the duration of the period of the change-over to socialism throughout the whole world will in a significant degree depend on the question whether these broad colonies will have to first go along the path of the full growth of capitalism or whether they will, as Lenin indicated, skipping this state, find a shorter more direct path to socialism."

In contrast to these areas he discounts immediate gains for socialism in the "slave owning economies" of Latin America and Africa. This may be significant in view of information reported in A-1269, November 25 ² to effect cadres not now being trained in Moscow for Latin America.

This authoritative restatement of Communist doctrine may well portend shift in major Kremlin efforts toward east. It seems to reflect loss of confidence in imminence of an economic crisis in USA and in possibilities of further Soviet gain in Europe in face of Marshall plan developments and growing European antagonism to Soviet aggressive tactics. If Europe can indeed be held firm and if we become deeply committed on the continent in the process, we may then see the Kremlin turn to direct development and exploitation of what Stalin termed the great "reserves of the revolution in the colonies and dependent countries." Full text by pouch.

Sent Department 3304, Department pass London 358, Paris 388, Belgrade 22.

DURBROW

² Not printed.

861.515/12-147 : Telegram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

RESTRICTED

Moscow, December 1, 1947.

3305. Embtel 3293, November 28.¹ Recurrent widespread rumors that present currency will be replaced by new currency have brought about phenomenal buyers' spree. That these reports are believed by large proportion population Moscow is made manifest by continuing wholesale run on shops selling durable goods. Two days ago long lines formed at commission, drygoods, jewelry, rare book, fur shops, et cetera, all of which besieged by large crowds buying any durable goods regardless of need or intrinsic value. Travelers from other areas report similar scenes other cities. Run attained such proportions that

¹ Not printed.

yesterday Mostorg, main department store, posted sign "store closed for repairs". All its smaller branches also closed, as well as most jewelry shops and other luxury goods stores. Many shops posted sign "closed for inventory". Shops remaining open had many bare shelves by last evening although still besieged by customers. Scores peasant women and poorly dressed workers seen carrying large packages crockery, Chinese vases and other durable goods. One report states peasant woman with bundle of rubles apparently dug up from ground purchased two caracul coats after having difficulty with cashier who at first refused to accept money because its filth and smell permeated shop. All luxury restaurants and cafes crowded with persons having "last" fling on excess rubles. Suburban trains overflowing with peasants returning with large bundles muttering against govt.

Understand correspondents unable pass buyer panic story.

Of plethora of rumors most creditable seem indicate issuance new currency will become effective about December 5 with permission to exchange old ruble notes for new up to amount of two months' salary. While savings banks accounts may be exchanged *in toto* some reports have it that part of account may be blocked. Due panic unlimited savings bank withdrawals now canceled and each individual only permitted obtain rubles 200 a day. Latest rumor indicates derationing may take place December 15 with single price system considerably higher than ration prices.

If rumors true it seems clear that ration price rises of September 1946 have not absorbed enough rubles to obviate run on food and other stocks if and when derationing takes place therefore govt deems it necessary take extraordinary measure of changing currency in order cut circulation, break speculators and rob peasants who through high priced open market sales have accumulated large supply of rubles during and since war. Action if taken by govt would point up full meaning of recent propaganda tirade against "remnants of capitalism". While not all classes would be hit by currency change, rumors have clearly exposed latent apprehension and sense of economic insecurity of Soviet people, powerless to influence or protect themselves against arbitrary govt action.

Incredible as it may seem to a western mind, no suspicion of all this has appeared in Soviet press.

Since correspondents probably cannot send true or full picture these developments and since if govt announces changes will probably wrap them up in high sounding verbiage explaining action necessary to "increase strength and stability of ruble" and liquidate "small number of speculators and capitalist remnants", suggest preliminary plans be made to use Voice of America to countries other than Soviet Union to

explain plight of individual under Soviet totalitarian regime (Embtel 3222 Nov 15) stressing plight of peasants who deprived good part their hard won earnings. Will send further details as become available. Suggest story be prepared and held for use in connection with whatever official announcement or denial is made. If rumors prove be untrue story of panic can be used good effect to show lack of faith in financial structure of country. If confirmed by announcement of currency change and derationing with increased prices, tie in buyers panic with résumé of basic Soviet price increases (inflation) beginning with Sept 1946 (see Embassy report 18 Jan 47 and supplement to Embassy's internal report, despatch 1711 Oct 9 for background ²).

In the meantime suggest:

1. VOUSA in Russian and other European languages immediately deadpan without reference to buyers panic piece describing stability of and faith in dollar, giving figures on huge insured private savings accounts US and available facts to show dollar used as unit of value for large majority international transactions including Soviet trade agreements.

2. If Dept deems advisable might also at present time include "report from recent travelers in Moscow" describing buyers spree as being brought about by rumored price increases and currency changes.

London pass Ambassador Smith.³

DURBROW

² Not printed.

³ In attendance at the 5th Session of the Council of Foreign Ministers held in London between November 25 and December 15.

501.BD Human Rights/12-247: Airgram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

RESTRICTED

Moscow, December 2, 1947.

A-1285. The Embassy quite regularly hears reports of anti-Semitic manifestations in Soviet society (see despatch No. 1575, August 26 ¹); but a particularly interesting story of this nature arrived recently through a reliable source who personally knows Messrs. S. Mikhoels and Pfeffer, respectively President and Vice-President of the Soviet Jewish Anti-Fascist Committee,² who visited the United States some

¹ Not printed.

² Solomon Mikhailovich Mikhoels was a celebrated Jewish actor and Director of the Yiddish State Theater in Moscow. He was supposed to have been murdered, or killed in a motor car accident, in or near Minsk about January 11 or 12, 1948, while returning from a visit at the home of the poet I. G. Pfeffer. An article in the *Washington Post*, August 1, 1965, p. M3, reported that in an installment of the memoirs of the writer Ilya Grigoryevich Ehrenburg published in March it was stated that it was well known that Mikhoels had in fact been murdered by the secret police of Lavrenty Pavlovich Beriia, Deputy Chairman of the Council of Ministers in charge of security.

time ago in those capacities. Following is the account these men give of the current state of anti-Jewish feeling in the USSR.

It is now a definite semi-official policy of the Soviet Government to exclude Jews from positions connected with foreigners, military activities, or relations with the masses. This policy includes exclusion of Jews from the Ministry of Foreign Affairs (the Embassy's own experience confirms that there has been a sharp drop in the number of Jews in prominent positions of the Ministry during the past 8 years, with Suritz³ now the only notable exception), from the diplomatic school, from the foreign language schools, from the military academies, with a few brilliant exceptions from work connected with atomic energy research, from the position of chairman of Party and Government committees, and from dramatic schools.

Mikhoels and Pfeffer succeeded in obtaining an interview with Molotov to protest against the above policy, and the latter promised that some action would eventually be taken when the Government considered circumstances more favorable for it. Soviet Jews believe that they have some additional hope of support from Politburo Member Lazar Kaganovich,⁴ himself a Jew, who has likewise promised that the Government will act at an appropriate time. They also feel that the death of A. S. Shcherbakov, Politburo alternate, in 1945,⁵ helped their cause, for he had the reputation of being the leader of the anti-Semitic bloc among the top Soviet leaders.

Soviet Jews have reacted to this anti-Semitic policy by becoming more conscious of their status and more actively patriotic to their racial group. They are tending to close ranks, and the membership of Jewish organizations, for example the Jewish Anti-Fascist Committee, are growing. There is also more interest among Jews in emigration to Birobijan [*Birobidzhan*],⁶ despite the reports of the hard conditions of life which emanate from there. Within the recent past a group of 2000 Jews has emigrated to Birobijan and another group of 4000 is preparing for departure. The latter includes many members of the Jewish intelligentsia, who for the first time are emigrating on a voluntary basis.

³ Yakov Zakharovich Suritz, Ambassador of the Soviet Union in Brazil until the break of relations on October 20.

⁴ Lazar Moiseyevich Kaganovich, First Secretary of the Communist Party in the Ukraine early in 1947; renamed Deputy Chairman of the Council of Ministers of the Soviet Union in December.

⁵ Alexander Sergeyevich Shcherbakov died in Moscow on May 10, 1945. He had been a secretary of the Central and Moscow Central Committees of the Communist Party, and chief of the Main Political Administration of the Red Army.

⁶ Birobidzhan was founded in 1927 as a Jewish Republic, becoming the Jewish Autonomous oblast in the Khabarovsk kray (region) in 1934. It was established as a place for colonization by Jews, but failed to achieve its purpose because of the miserable conditions prevailing there.

Although Mikhoels and Pfeffer did not mention it, the recent downfall of George F. Aleksandrov,⁷ former head of the Party's Propaganda Administration may possibly benefit the Jewish cause. At least, Anna Louise Strong,⁸ who has relatively wide contacts among Soviet political circles, mentioned to an Embassy officer that she "had heard" that Aleksandrov was the leader of an anti-Semitic clique.

The Embassy believes that the above stories are essentially accurate and that anti-Semitism has been gradually emerging in the USSR for some time. These and other reports suggest that Soviet officials of other races feel that they cannot trust Jews to be fully devoted to the Communist cause, a belief perhaps linked with Trotsky's⁹ opposition to the Stalinist line.

DURBROW

⁷ Georgy Fedorovich Alexandrov had been chief of the Propaganda and Agitation Administration of the Central Committee of the All-Union Communist Party. His downfall began in August when his *History of Western European Philosophy* was attacked for its serious ideological distortions. Despite a prompt, public confession of his sins, by September 21, his name did not appear as editor of *Culture and Life*, and he was replaced in his party position.

⁸ An American in the Soviet Union who in 1930 had organized and was editor of the English language *Moscow Daily News*, later becoming the *Moscow News*.

⁹ Lev (Leo) Davydovich Trotsky was a prominent Bolshevik leader and associate of Vladimir Ilyich Lenin, defeated by Stalin and in foreign exile from 1929 until his murder in Mexico on August 20, 1940.

811.20200 (D)/12-847: Circular Airgram

*The Acting Secretary of State to Certain American
Diplomatic Officers*¹

CONFIDENTIAL

WASHINGTON, December 8, 1947—10:45 a. m.

In view current campaign of anti-American propaganda recently referred to by Secretary in his speech Nov 18,² Dept has reviewed character and scope of U.S. information policy in furtherance of attainment of national objectives.

There follows summary of a statement which constitutes a broad framework within which particular policies on specific issues and directed toward specific areas are to be defined. This statement is not directive but rather set of assumptions which, in Dept's view, must

¹ This circular airgram was sent to 29 Embassies, 12 Legations, and to the United States Political Advisers at Tokyo and Seoul. It had already been sent as a circular telegram on December 4, 3 a. m., to 24 posts (including Moscow) and to the United States Political Adviser at Berlin.

² Secretary Marshall delivered an address on "The Problems of European Revival and German and Austrian Peace Settlements" before the Chicago Council on Foreign Relations and the Chicago Chamber of Commerce, carried also over the networks of the Columbia and Mutual Broadcasting systems, the text of which is printed in the Department of State *Bulletin*, November 30, 1947, pp. 1024-1028.

underlie until further notice, measures taken to counteract current anti-American propaganda campaign.

To report the truth objectively and factually continues to be basic principle of our information policy. However, this policy is to be sharpened by focusing on and when appropriate replying directly to specific anti-U.S. charges with attribution to their origin. In addition to disseminating the truth about aims and policies of U.S. many other truthful facts will be revealed in order to expose and discredit propaganda directed against the U.S.

U.S. information policy should direct its efforts toward

- (1) impressing the peoples of the world with reliability, consistency and seriousness of the U.S. and its policies;
- (2) convincing the peoples of the world that U.S. motives and policies are in their own best interests and that the U.S. is capable of carrying them out;
- (3) exposing extent to which Soviet motives and policies are not in the best interests of free countries. This would include exposure of inconsistencies and insincerity of Soviet policies as well as demonstration of falsity of Soviet Union's charges against us.

Propaganda patterns of Soviet Union should not be imitated lest foreign peoples believe that U.S. is engaged in competition for world domination with Soviet Union.

We should utilize every means to alleviate the overpowering fear of imminent war.

Material will be used which will sharpen contrast between U.S. policies and way of life and those of Soviet Union and its satellite regimes, in terms of human values. Consequences of systems of government and policies based on other than democratic and peaceful principles will be truthfully exposed.

Direct replies to anti-American charges and criticism of Soviet actions and policies should be used only when they represent the best means of strengthening the foreign policy of U.S. by convincing people of third countries that their vital interests are supported by our policies and actions and menaced by those of the USSR.

The U.S. should not give impression that it is on the defensive or vulnerable to hostile charges but rather that Soviet policy where it conflicts with ours works to the detriment of interests of the foreign country or area involved, while U.S. policy consistently supports principles implicit in the Charter of the United Nations.

Primary emphasis continues to be placed on the positive and forceful presentation of U.S. foreign policy and of the democratic values and way of life of the American people, particularly as these have a direct bearing on the lives, well being and fundamental beliefs of other people.

Within the framework set forth in preceding paragraph U.S. information policy will (a) criticize Soviet policies and anti-American propaganda when these obstruct the attainment of U.S. national objectives particularly in terms of the vital interests of the people of the country concerned; (b) openly take cognizance when desirable of the major themes of anti-American propaganda, impute their dissemination to Soviet Union and communist parties throughout the world, expose falsehoods, correct errors and state the motives for distortion; (c) expose discrepancy between professed Soviet ideals and actual practice on major issues which illustrate the distinction between the democratic and totalitarian forms of government.

There is to be no personal vilification or abuse of Soviet and Communist leaders.

Dept will forward full text of statement summarized above. Chiefs of Mission are requested to exercise greatest discretion in discussion of statement and to communicate contents only to those officers who need be informed for carrying out their work. Missions are requested to send back continuously to Dept information on events and issues in their area which can be used to support information program as outlined above. Dept will appreciate reactions and comments to full information policy statement.

LOVETT

711.61/12-847: Airgram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

RESTRICTED

Moscow, December 8, 1947.

A-1324. Civilian section of November 7 parade for first time since before war included several anti-American and anti-British banners. One, for example, pictured Uncle Sam leaning on a dollar sign with his foot on the British flag. Another showed the British lion wearing a tattered sheepskin coat and holding binoculars—a reference to the British Military Attaché who was recently accused of spying (re Embtel 3287, November 26¹) and who himself was in the tribune watching the parade!

DURBROW

¹ Not printed ; but see footnote 5, p. 623.

740.00119 Council/12-847 : Telegram

*The Acting Secretary of State to the Secretary of State at London*¹

SECRET

WASHINGTON, December 8, 1947—7 p. m.

5156. Secdel 1544. For the Secretary from Lovett. The question of trade with Russia and eastern Europe, which was subject of paper² which Harriman placed before National Security Council on November 14, has been given very careful study in Department. I have now sent reply to Harriman stating substantially the following:

That we feel that rather than place all exports to Europe under control as proposed in Harriman paper it would be preferable to do what we can to curtail undesirable exports to Soviet sphere by adding items to list of those under control for world at large; that we understand from conversations with Commerce officials that they object to this procedure on account of undue burden it would impose upon business community, and government; that we would be glad to discuss further with them means by which these objections could be overcome; but that if they still feel this procedure is unfeasible and would not duly protect national interest then we prefer to adopt, of the various alternative solutions, the one proposed in the Harriman paper, with certain minor modifications.

I have asked Harriman to make no use of my letter until I have had a chance to consult you and to see whether you have any objection to our taking this position.

This is one of the knottiest problems we have had to handle and position outlined above is taken in light of many conflicting factors, which include keen congressional interest, possible effect of our international treaty obligations and on Habana Conference, and relatively small amount of present trade with Russia.

LOVETT

¹ The Secretary was in attendance at the 5th Session of the Council of Foreign Ministers at London between November 25 and December 15.

² Not printed.

081.60m/12-847

*Memorandum by Mr. Richard W. Flournoy, Assistant to the Legal Adviser for Special Affairs*¹

[WASHINGTON,] December 8, 1947.

If, as I understand from your statement to me over the telephone, the Department is opposed to having the Embassy at Moscow authenticate the seals and signatures on documents issued in the Baltic

¹ This memorandum was directed to Mr. Elbrick, assistant chief of the Division of Eastern European Affairs.

States,² even though it may at the same time make statements to the effect that such authentication does not involve recognition of the sovereignty of the Soviet Union in those countries, we might consider answering each request or inquiry concerning the subject as follows:

"The Department has received inquiries from a number of persons in this country concerning their desire to obtain copies of official records or documents issued in Estonia, Latvia and Lithuania, and to have such documents authenticated.

"The Government of the United States has no diplomatic or consular officers in the countries mentioned. While the Soviet Union appears to claim that it is sovereign over those countries, and that notaries public and other persons exercising public functions therein are under its sovereign control, the validity of such claims is not recognized by this Government. Therefore it is not deemed proper for the Embassy of the United States at Moscow to certify to documents issued by such persons.

"In view of the above it would seem necessary for the interested parties in the United States to communicate, directly or through attorneys, with the persons in Estonia, Latvia and Lithuania who issue or certify to the documents to be used in this country. They may also find it desirable in each case to consult competent counsel as to how the particular document under consideration should be authenticated so that it would be recognized as genuine by courts in the United States."

Perhaps it would save time and trouble to have the proposed statement made in a printed or multigraphed notice, to be enclosed with the Department's reply to each request or inquiry. If that does not seem desirable, it might be used as a model in replying to letters on this subject.

Please let me know as soon as may be convenient what you think of the above suggestions, so that replies may be sent to the attached letters, which have remained unanswered for some time.

R[ICHARD] W. F[LOURNOY]

² An unsigned marginal notation here reads: "No. See memo of Nov. 20 from EE to Le." The memorandum of November 20 is not printed, but see footnote 4, p. 613.

861.51/12-1247 : Telegram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

[Extract]

CONFIDENTIAL

Moscow, December 12, 1947—6 p. m.

3359. Buyers panic subsided. Some shops including main Mostorg still closed and many shops bare with food difficult obtain and open market prices still as high as reported mytel 3330 December 7.¹

¹ Not printed.

Present period can be described as hang-over from spree or lull before storm, with everyone anxious as to how it will affect him personally.

In view statements Malenkov's Cominform speech published December 9 to effect efforts being made raise standard living through consistent reduction prices and consolidation money circulation and Soviet currency and that rationing will be eliminated, seems possible as reported first paragraph mytel 3321 December 4,² that impending changes will result in lower nominal prices below present ration price level with some adjustment downward wages. Pattern latter already indicated in reduction payments to award holders and mothers. This will be played up as strengthening of ruble, soundness Soviet economy compared with capitalistic, etc. However, whether the single price is above or below present ration price, it in all probability will be considerably higher than ration prices before drastic price increases September 1946. Significance of average rise of 180 percent in ration prices at that time not realized abroad because of Soviet censorship. We should be prepared expose holes in propaganda claims particularly to European masses. As soon as regulations out will send urgently spot analyses loopholes for use "Voice of America" and if possible to pass to news agencies since correspondents here will not be able give honest appraisal significance changes. All firm rumors point December 15 as effective date.

[Some concluding paragraphs, here omitted, sent along a few current anecdotes about the buyers spree for possible use by the "Voice of America" on the theory that ridicule stings more than cold facts.]

DURBROW

² Not printed.

861.5151/12-1447 : Telegram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

RESTRICTED

Moscow, December 14, 1947—9 p. m.

NIACT US URGENT

3367. At 6 tonight complicated new money price changes derationing decree announced by radio.¹ Text not yet available: preliminary highlights follow:

(1) *Money reform*: Cash in personal possession will be exchanged 10 old [rubles] for 1 new.

¹ The Council of Ministers of the Soviet Union and the Central Committee of the All Union Communist Party (Bolsheviks) issued decree No. 4004 on December 14 regarding the carrying out of a monetary reform and abolition of ration cards for foodstuffs and consumers' goods. The Embassy sent to the Department a translation of decree No. 4005 by the Council of Ministers of the Soviet Union of December 14 which prescribed in detail the procedures for the performance of the provisions of decree No. 4004 in telegram 3374 of December 15, and in despatch 1957 of December 22, neither printed.

Bank savings 1 for 1 up to 3,000 rubles; 3 to 2 on next 7,000 and remainder 2 old for 1 new.

All state loans being consolidated into one new conversion loan at rate of 3 old to 1 new except 1938 at 5 to 1 and 1947 not subject conversion.²

Old money must be changed within week beginning December 16 except in remote places where two weeks allowed, after which old money loses all value. Present money good this period but at only one-tenth face value.

(2) *Derationing*: (a) Ration cards abolished. (b) Single price on all products except peasant markets and certain cooperative goods.

(3) *New prices*:

(a) except for bread, macaroni, flour and grits all prices remain at ration price level or higher. Bread and flour down 12 percent, macaroni and grits down 10 percent from ration price (will be recalled ration price black bread raised September 1946 from 90 to 340 kopeks, an increase of 275 percent).

(b) Meat, vegetables, sugar, fats, cakes and fish remain at current ration prices which are also considerably higher than year ago (average increase of about 200 percent).

(c) Milk, eggs, tea and fruit will be somewhere between present ration and commercial prices.

(d) Cloth, clothing, footwear, knitted goods and certain other consumers goods to be fixed at prices about one-third of present commercial prices, presumably higher than present ration prices.

(1) *Comments*:

Soviet propaganda line already claiming that in contrast capitalist countries where prices rising and wages being held down, new decree proves recovery from war and strength of Soviet economy. However, true nature of change later revealed by reference to measures as "last sacrifice" to be demanded of Russian people, greater part of which is allegedly assumed by state.

In view this propaganda line emphasis should be placed on fact that: (1) food ration prices last year were raised an average of 180 percent against insignificant wage rises in lower brackets. Thus present measure in general freezes ration increases of last year and even raises some food prices.

(2) Government expropriates two-thirds (and in one case four-fifths) of investment of government bond holders.

(3) Expropriates 90 percent of all cash holdings. This will undoubtedly hit peasants hardest, as well as speculators. However, since as compared to US comparatively few people have bank accounts, cash savings of appreciable number of urban population will also be hit. Detailed analysis follows.

Department pass London as 383 for Ambassador Smith.

DURBROW

²The Embassy calculated in airgram A-1370 from Moscow on December 18, that about 50 billion rubles of these 2% Conversion Loan bonds would be required to be issued to take care of the conversions.

861.5151/12-1547 : Telegram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

RESTRICTED

Moscow, December 15, 1947—7 p. m.

NIACT US URGENT

3375. Full text transmitted Embtel 3374 December 15 ¹ Soviet decree subjecting cash holdings foreign missions and private foreign citizens to obligatory conversion old rubles for new at same 10 to 1 rate applying Soviet citizens (Embtel 3367, December 14) ; moreover, changing diplomatic rate exchange from 12 rubles for 1 dollar to 8 for 1.² This amounts confiscation 90 percent cash holdings of Embassy and personnel as reported Embtel 3336, December 9,³ and automatic 1/3-cut in ruble equivalent salaries and allowances of personnel.

We propose to protest decree through Foreign Office on basis that all rubles on hand are result official conversion dollars or official payment Russian Government agency for magazine *Amerika*. We shall endeavor obtain 1 for 1 conversion at least 1 month's normal drawings, as allowed foreign missions operating through bank accounts, as well as same conversion of payments for magazine *Amerika*, arguing in latter case decree constitutes violation contractual obligation. Please give us urgent instructions to proceed vigorously on these lines. However, we must immediately have new currency in order to operate Embassy and make possible day to day existence American and Soviet personnel pending outcome our protest which will inevitably require some time as Department knows. Therefore, in separate telegram we are requesting immediate transfer of funds to meet payroll now due and other current expenses. We propose operate exclusively with these new funds, retaining old ruble currency pending outcome negotiations. Necessity for prompt readjustment salaries and allowances will be apparent to Department because of new exchange rate and I hope immediate action can be taken on lines suggested Embtel 3335, December 8.⁴

Sent Department 3375, sent London for Ambassador Smith 384.

DURBROW

¹ Not printed ; see footnote 1, p. 635.

² The decree No. 4005, as translated in telegram 3374, explained : "In connection with the increased purchasing power of the ruble as a result of the monetary reform and abolishment of the card system to change the present preferential rate and to establish a temporary new preferential rate, namely : 8 rubles for 1 American dollar or 32 rubles 24 kopeks for 1 pound sterling, or 185 rubles 49 kopeks for 100 Swiss francs, or 222 rubles 20 kopeks for 100 Swedish kroner." (861.5151/12-1547)

³ Not printed.

⁴ Not printed. In this telegram the Chargé recommended that the Department should have in mind the "possibility that impending issuance new Soviet currency, readjustment prices, and stabilization ruble may bring with it abolishment diplomatic rate of exchange. Accordingly imperative that Dept have prepared necessary financial measures permit uninterrupted operation Embassy and retention stand on such contingency." (124.615)

861.5151/12-1747 : Telegram

The Acting Secretary of State to the Embassy in the Soviet Union

CONFIDENTIAL

WASHINGTON, December 17, 1947—7 p. m.

U. S. URGENT NIACT

2037. Urtels Niac 3375 and 3382 Dec 15 and 16 and urtels 3335 and [333]6 Dec 8 and 9.¹ Desirability diplomatic corps protest has full concurrence Dept. Suggest you cooperate fullest possible extent in protest re exchange rubles on hand at 10 to 1 rate. If funds deposited for cable fees are in rubles and are to be exchanged any rate less than one for one Dept believes that these funds should be specifically mentioned in protest provided other Embs Moscow have similar deposits. Otherwise mention should be incorporated in separate protest. (see para 3 this tel).

Suggest possibility combined representations re unsatisfactory level new diplomatic rate also be explored with other members diplomatic corps. If such representations acceptable to other Missions Emb authorized to adhere. In any event inform Dept urgently possibility joint action.

Apart from Emb's participation in possible group protest mentioned para one above, Dept desires you turn in rubles on hand for exchange accompanied by written statement to effect that exchange at 10 to 1 rate is being made under protest and with reservation all US rights to subsequent readjustment. Acknowledgment written protest as well as receipt showing number rubles turned in, and number new rubles issued Emb in exchange should be obtained. Dept feels that it would be preferable not to make independent proposal re conversion Emb held rubles at 1 to 1 as proposed para 2 urtel 3375 pending decision nature any joint diplomatic corps approach to Soviet Gov and outcome joint protest. However, proposal re conversion payments for magazine may be included in your separate protest and if no joint protest materializes you may likewise propose independently 1 to 1 conversion.

As result exchange Emb will receive new rubles for current needs. Dept desires info urgently re exact number rubles turned in, estimated ruble expenditures near future and probable date and amount next ruble receipts from sale magazine *Amerika*. Meantime Dept initiating transfer dollars your use but such dollars should not be converted or drawn in rubles pending receipt by you of subsequent specific authorization. For your info Dept reluctant convert dollars new diplomatic rate except as last resort until it receives report from you requested para two above.

¹ Last three telegrams not printed.

Emb's suggestion re blocking Soviet funds (ur 3382) would involve substantial departure from basis on which wartime blocking controls were imposed, i.e. to prevent seizure occupied areas assets in US by enemy and their conservation pending end of war.

Use artificial internal Emb ruble exchange rate (ur 3335) not possible under US Govt accounting regulations. Dept will be prepared consider adjustments in allowances and alien salaries upon receipt price data from Emb.

Suggest that in your discussions with members dip corps you recommend that references be made in joint protest to following precedents as regards holdings diplomatic missions in other countries where currency conversions have been effected since War. Rumania in its conversion established exceptional basis for diplomatic funds in Art 13 Decision No. 20 Council of Ministers published Rum *Monitoral Oficial* No. 186 Aug 15, 1947 which provided that Missions could exchange on one for one basis amt equal to that put at their disposal during preceding month by Rum Govt under agreements with respective states and the amt of old currency obtained by Missions during same month thru exchange foreign currency at central bank. Finland converted in full the currency holdings of legations and employees of foreign representatives when it readjusted its currency about Jan 1, 1946. Bulgaria after representations by the diplomatic corps exchanged in full currency holdings of diplomatic missions in March 1947 when its currency was readjusted. Urgent Deptel has been sent group European posts where recent currency conversions have occurred requesting they inform you direct by Dec 19 any exemption granted funds Diplomatic Missions accredited countries concerned.

Repeated Berlin for Amb. Smith, as Deptel 2480 Dec 17.

LOVETT

861.5151/12-1847 : Telegram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

CONFIDENTIAL

Moscow, December 18, 1947—8 p. m.

NIACT US URGENT

3398. Had long talk with Dean, Chinese Ambassador,¹ who despite requests from several other missions, including British, does not believe it advisable make collective Diplomatic Corps protest re Deptel 2037 December 17. He is not strong character and used limp excuses for not calling meeting Diplomatic Corps. He stated calling a meeting would put him in a very embarrassing position since no Moscow precedents meeting Diplomatic Corps and Soviet-Chinese relations so bad

¹ Foo Ping-sheung.

he does not wish put himself in position being accused taking initiative calling meeting. Added it might be embarrassing to many colleagues who had dealt on black market and strong possibility satellites would not attend or if did attend would try to disrupt collective action. He suggested parallel action for those missions with strong cases in regard to 10 to 1 rate.

Regarding new diplomatic rate, he believed this slightly different matter and while felt could not call Corps meeting, since satellites have special favorable diplomatic rate, he would transmit to Foreign Office as Dean of Corps any protest taken up by missions using dollars, pounds, Swedish crowns, or Swiss francs, which includes his own. He believed that while such protest might be ineffectual it would not embarrass his colleagues and added that at new diplomatic rate he felt he would have to reduce his staff considerably. In other words Dean made it clear he would not take any initiative whatsoever.

Discussed problem twice with British Ambassador who concurs collective protest both 10 to 1 and lowered diplomatic rate should be made provided sufficient majority missions join in. He had already advised Chinese before my talk that if latter felt could not call meetings Corps, British Ambassador would do so. He plans send notes to all members of Corps December 20 inviting them to meeting December 23. He assumes most missions, which apparently is case, will have informed Soviet Government they changing money under protest and reserving position so that time of meeting not of immediate concern. After advising British Ambassador outcome my conversation with Dean, I informed him that we would associate ourselves with his effort make collective protest. British Ambassador of opinion that if not able obtain substantial majority Corps for collective protest, that meeting would permit exchange points of view and allow substantial number of missions to take parallel action.

Re Deptel 2037 December 17, funds deposited cable fees not involved. Am turning in all official rubles and those of members of staff tomorrow,² sending protest reserving position to Molotov and Bank.³

² The number of rubles converted was made up of 822,212 official Embassy rubles and 138,884 rubles held by the American members of the Embassy. In telegram 3420 from Moscow on December 23, noon, Chargé Durbrow calculated the total loss of official funds at \$48,021.57 at the old rate of 12 rubles to the dollar.

³ In the Embassy's note No. 970 on December 19, the Chargé sent a protest to Foreign Minister Molotov in which he wrote:

"Under instructions from my Government, I have presented to the Bank for Foreign Trade for conversion the sum of 961,096.00 old rubles, which represents the total amount of official funds now in the possession of the Embassy and its American personnel. My Government in the absence of any immediate alternative has instructed me to convert these funds at the rate of ten old rubles for one new ruble, and accept the amount of 96,109.60 new rubles, under protest and with reservation of all United States rights to subsequent readjustment.

"I shall be grateful for a prompt acknowledgment of the receipt of this letter."

As requested, the acknowledgment came in a letter of December 20, signed by

Will endeavor to obtain appropriate receipts however British Ambassador states bank refuses to give receipt. Do not propose make separate protest re magazine funds which should be covered by general protest pending outcome of efforts of collective action.⁴

Contrary to Department's impression that an exchange would provide current operating funds, conversion will provide only about 70,000 new rubles. Payroll already overdue alone requires about 165,000 new rubles. Consequently essential in order meet this payroll and operating expenses next 10 days Department authorize purchase additional 160,000 new rubles against requested dollar transfer.

Until provided with new currency members staff are utterly unable to feed selves and servants except from practically exhausted commissary stocks.

Department please pass Berlin for Ambassador Smith as Moscow's 659.

DURBROW

Boris Fedorovich Podtserob, Secretary to Molotov. Both documents were sent to the Department in despatch 1957, December 22, not printed. (861.5151/12-2247)

The protest made to the Bank of Foreign Trade at the time of the conversion of the rubles on December 19, was sent to the Department in despatch 1951, December 19, now missing from the files.

⁴ Supplementing this telegram by telegram 3401 from Moscow on the next day at 3 p.m., the Chargé stated that payments had been received for all issues of the magazine *Amerika* so far turned over to Soyuzpechat. Since no new payments would come for some time, his recommendations for the transfer of additional funds to meet current expenses remained valid.

701.6111/12-1847

*Memorandum by the Deputy Director of the Office of European Affairs (Thompson)*¹

SECRET

[WASHINGTON,] December 18, 1947.

While it is not customary to discuss matters of current business during the initial courtesy visits of new ambassadors, it is possible that in view of Ambassador Panyushkin's² frank talk with Ambassador Smith before his departure from Moscow, he will be disposed to go beyond the usual limits. If this should occur, it is suggested that

¹ This memorandum was directed to Under Secretary of State Robert A. Lovett.

² The appointment of Alexander Semenovitch Panyushkin as Ambassador of the Soviet Union to the United States had been announced in the Soviet press on October 25. He presented his credentials to President Truman on December 31. He had been Ambassador to China between 1939 and 1944, and then was a Far Eastern expert in the People's Commissariat (subsequently Ministry) of Foreign Affairs. He had graduated from the Frunze Military Academy in 1938, and had reached the rank of Major General during his military career. He was believed to have attained considerable influence within the Communist party.

you refer to the cooperative attitude which the Department takes toward the Soviet Embassy here and its problems, and inform the Ambassador that this Government feels that such matters should be kept on a reciprocal basis. You might then mention in general terms four matters which are currently plaguing our Embassy in Moscow and making its operation more difficult.

1. *Lack of Adequate Housing Facilities.*

Ever since the end of the war the Embassy has been endeavoring to obtain from the Soviet Government, which controls all housing in Moscow, additional facilities in order to accommodate more adequately the offices and personnel of the Embassy.³ To date all the efforts of the Embassy in this direction have been without avail.

2. *Import Restrictions.*

In August 1947 a new customs procedure applicable to diplomatic missions was introduced in the Soviet Union which limits to 900,000 rubles per annum the exemption from customs duties on goods imported for the use of the Embassy and members of its staff. Goods imported after this quota has been exhausted are subject to duty. Duty charges are exorbitant and onerous and the quota was practically exhausted after one shipment of official supplies for the Embassy had been cleared. The operation of the Embassy requires that substantial imports of foodstuffs and other supplies be made periodically. The Embassy has protested vigorously against the application of this procedure and Ambassador Smith has already indicated to Molotov that unless measures are taken to revise the procedure so that supplies necessary for the operation of the Embassy can be imported duty free, counter measures will have to be taken by this Government.

3. *Conversion of Embassy Funds.*

The Embassy has been informed that under the new conversion regulations it must convert all rubles on hand at the rate of 10 old rubles to 1 new ruble. The rubles on hand at the Embassy represent the proceeds from dollar funds converted into rubles to meet the Embassy's normal operating expenses and the proceeds from sales of the Russian-language magazine *Amerika*. In view of the fact that the official dollar value of the ruble has not changed, we feel that there is no justification in enforcing such an unfavorable rate for the conversion of these funds and that the conversion should be effected at parity.

4. *Revision of Diplomatic Exchange Rate.*

Following the announcement of the conversion regulations and the new price levels, diplomatic missions in Moscow were informed that

³ For earlier documentation on the attempts to obtain better Embassy and living accommodations, see *Foreign Relations*, 1946, vol. VI, pp. 752-754, and footnote 94.

the old diplomatic rate of 12 rubles to the dollar had been changed to 8 rubles to the dollar. There is no reason for supposing, on the basis of information to date, that a corresponding reduction in the operating expenditures of the Embassy will occur. We feel that the rate of 8 rubles to the dollar is both unrealistic and unfair and that the Soviet Government should be prepared to discuss with the diplomatic corps the establishment of a more equitable rate.

L. E. THOMPSON

861.5151/12-1947 : Airgram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

RESTRICTED

Moscow, December 19, 1947.

A-1386. The contrast between Soviet policy as expressed and the results of policy in action are shown up particularly clearly by the recent currency reform.

In revaluing monetary holdings, savings bank deposits under 3,000 rubles received the most favorable treatment of any form of liquid or intangible property widely held by the public, being credited with one new ruble for each old ruble. It was then stated: "This means that deposits belonging to the overwhelming majority of holders remain at their previous value", and the point is made that the small man is given greater protection than the large holder.

Taking the currency measure as a whole, however, it becomes obvious that it is the "small man" who is hit the hardest. In the Soviet Union more than in most other countries the poorer classes, the great masses, are unable to buy any appreciable amount of tangible goods, have only those government bonds which they were compelled to buy, and it is doubtful if a very large percentage of the people have bank deposits—no recent figures have been seen, which is one good indication. In any event, what little surplus there is above daily food needs will naturally go into a small stock of cash which is available immediately if needed. Psychologically the first line of reserve is a bit of cash, assuming a not quite starvation-level existence, and only after this, if at all, are savings likely to go into banks. It is just this class with the small cash reserves which has lost the most, percentagewise.

Farther up the economic scale it is true that there may have been considerable amounts of cash in individual hands, acquired through speculation or graft, or merely saved by persons whose salaries were relatively large. However on the whole these classes are able to, and do, particularly in a country where there are no corporate intangibles, invest a good portion of their surplus in tangible goods. Since such property was not touched by the monetary decree, these people's losses are proportionally less.

It must of course be remembered that the above reasoning does not apply to derationing and the new price level, the effect of which is quite different on the various income classes. But taking the currency reform separately, it is difficult to detect the much-advertised concern for the welfare of worker and peasant.

DURBROW

861.5151/12-2247 : Telegram

The Acting Secretary of State to the Embassy in the Soviet Union

CONFIDENTIAL

WASHINGTON, December 22, 1947—11 a. m.

US URGENT NIACT

2043. While unwillingness dean dip corps spearhead protest re currency conversion and reduction dip rate unfortunate Dept agrees position outlined urtel Niac 3398 Dec 18 re your participation protest other members corps under probable leadership Brit Amb. In this connection you may find useful development dip corps protest in Sofia mentioned Deptel 2037 Dec 17. Dean dip corps Sofia Rum Amb¹ was unwilling act re protest since his govt and those other Soviet satellites and reps USSR received preferential treatment from Bulg Govt. Other members dip corps presented joint protest Bulg Govt which as previously indicated to you was successful.

Dept considers it desirable you associate yourself with group dip corps in protest re lowering dip rate. However Dept hesitates make suggestions re desirability basing protest on grounds discrimination in view incomplete info this point now available here. Please report urgently to Dept nature of special favorable dip rate accorded satellites mentioned ur 3398. If your report clearly indicates more favorable dip rate established for satellites Dept will consider advisability of supporting whatever protest you are then authorized make Moscow this score by emphasizing to new Sov Amb here Dept's position this matter.

Dept sympathetic your urgent need additional new rubles and action initiated several days ago place additional dollars your disposal Moscow. If you have not already received notice such dollars available you should very shortly. (Urtel Niac 3401 Dec 19²) Dept urges you make all possible efforts (without imposing undue hardship on personnel) to avoid converting dollars at new rate until results joint protest to obtain more favorable dip rate are apparent. Dept believes your use new dip rate now will greatly weaken chances obtain revision that

¹ Achille Barcianu was the Rumanian Minister in Bulgaria at the time of the currency exchange in March 1947, being subsequently raised to the rank of Ambassador.

² Not printed; but see footnote 4, p. 641.

rate. Emb is authorized in its discretion when it deems such action absolutely necessary to convert dollars now in process of transfer to rubles without any further reference to Dept.

LOVETT

861.5151/12-2247 : Telegram

The Acting Secretary of State to the Embassy in the Soviet Union

CONFIDENTIAL

WASHINGTON, December 22, 1947—3 p. m.

US URGENT NIACT

2045. For Emb's info in connection projected joint protest there follows brief summary original discussions with Sov authorities leading to establishment special dip exchange rate for foreign missions in Moscow (urtel 3398 Dec 18). Dip exchange rate was determined early in 1941 as result direct representations by dip corps and following prolonged negotiations pursued by dean of corps German Amb with Narkomindel.¹ Unilateral character present Sov action in amending that rate without further consultation dip corps is therefore in contradiction with precedent fixed in 1941 by Sov Govt itself. Dept feels that by having then recognized question dip exchange rate as proper subject for discussion with dip corps, present action Sov Govt without prior consultation with or notice to dip corps is inconsistent. You are instructed to bring these considerations to attention your colleagues with view to their possible incorporation in joint protest.

LOVETT

¹ For documentation on the establishment of the diplomatic exchange rate of 12 rubles for \$1, and the role played by the Dean of the Diplomatic Corps, Ambassador Friedrich Werner, Count von der Schulenburg, see *Foreign Relations*, 1941, vol. I, pp. 870-872, 875-877.

861.5151/12-2447 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, December 24, 1947—4 p. m.

NIACT US URGENT

3431. Durbrow attended diplomatic corps meeting yesterday, full report of which is being transmitted by airgram.¹ In brief, after 3-hour discussion, nothing was accomplished except complete division along general line to which we have become so thoroughly accustomed in GA and elsewhere with addition of number of guilty consciences presumably resulting from black market operations. I talked with British

¹ Airgram A-1403 from Moscow on December 27, not printed.

Ambassador today and it is quite obvious that no collective diplomatic action can be expected.² He has asked for further instructions and expects to be directed to make individual approach. Some Missions have already done this without result. In absence of collective protest, I propose to make separate protest coordinated generally as to timing and general content with that made by British and other Missions which intend to take this action. Propose general line that treatment accorded diplomatic missions unacceptable, discriminatory and not in accordance with international practice, pointing out we have transferred dollars to rubles through official channels to meet our current expenses, that these matters are of record and represent transfer foreign exchange for rubles at fixed rate agreed to by both parties. In making such exchange we expected Soviet currency obtained for value given would be honored by Soviets. On contrary, without warning, official funds on hand were arbitrarily reduced nine-tenths in value with Soviet Government expropriating to own benefit considerable sum. Furthermore, will point out treatment accorded diplomatic Missions by other countries who have recently converted funds (Deptel 2037, December 17) will endeavor assimilate our official cash position to decree which allows Missions with bank accounts to convert 1-to-1 basis average monthly funds on deposit.

Will make strong protest re diplomatic rate but I do not anticipate that we will obtain any concession whatever on this point.

Would be grateful for additional suggestions from Department and concurrence with proposed line of action,³ but should have this not later than Monday December 29, as British Ambassador expects instructions by end this week.

SMITH

² In the more detailed description of this meeting in airgram A-1403, it was reported that the Chinese Ambassador, as Dean of the Diplomatic Corps, had made it clear that he would take no action whatsoever. Several diplomatic representatives (the Egyptian Minister, the Yugoslav, Czech, and Polish Ambassadors) spoke in favor of the action taken by the Soviet government, and "many sheep in the group" were scared. After long discussion on unrelated subjects the meeting ended without a vote, as it was obvious that the corps was divided into two opposing groups which made collective action impossible. (861.5151/12-2747)

³ By telegram 2063 to Moscow on December 26, 5 p. m., the Department of State approved the proposed separate protest, which it believed to be as strong as could be presented under the circumstances. (861.5151/12-2447) Three notes of protest were handed to Deputy Foreign Minister Vyshinsky on January 7, 1948.

811.42700(R)/12-2747

*The Ambassador in the Soviet Union (Smith) to the Secretary of State*¹

[Extracts]

CONFIDENTIAL

Moscow, December 27, 1947.

No. 1973

The Ambassador has the honor to submit herewith a report of a recent conversation between a Soviet citizen and a member of the Embassy staff ²

The informant stated that the "Voice of America" programs had a large and enthusiastic audience in Moscow. He did not have a radio set of his own and had not listened to the program enough times to comment upon its content himself, but his friends who had heard the broadcast apparently thought that the programs in general were of a very high quality. He stated that the news broadcast over the "Voice of America" reached a tremendous number of people merely by word of mouth, and that such word spread rapidly. As an example, he mentioned Secretary Harriman's speech in Seattle, in which the Secretary spoke frankly with regard to the basic conflicts existing between the United States and the U.S.S.R.³ The visitors said that the speech, which was reported over the "Voice of America", was known all over Moscow the following day, and that he was asked by friends at several printing establishments what his opinion was concerning the implications of Secretary Harriman's speech—which they stated they had learned about through the "Voice of America" broadcast. The informant stressed that the people in the Soviet Union were hungry for "real news" and that he thought the "Voice of America" was one of the few channels through which they could receive such information concerning the outside world.

The magazine *Amerika* also received his enthusiastic praise. As a professional journalist with a knowledge of the technical side of publication, he particularly appreciated the magazine. The fine paper, the color pictures, the typography, everything about the publication struck him as being "first class". The visitor had no criticism of the literary

¹ This despatch appears to have been written by Walter J. Stoessel, second secretary of Embassy, and initialed by Foy D. Kohler, first secretary of Embassy in the Soviet Union.

² The anonymous visitor was described as being a journalist by profession, "obviously intelligent and well-educated."

³ Secretary of Commerce W. Averell Harriman made a speech on August 18 before the Chamber of Commerce in Seattle, Washington, which was subsequently attacked by Ilya Grigoryevich Ehrenburg as an "incitement to war" in an article entitled "The Voice of a Writer" published in *Pravda* on October 4, 1947. Significant selections from this article were reported by Chargé Elbridge Durbrow in airgram A-1016 from Moscow on October 7, not printed.

style, saying that he considered it to be very good and that he was surprised that the Americans could publish a magazine in which such excellent Russian from a stylistic standpoint was used.

The informant stated that it was very difficult to obtain copies of the magazine in Moscow, since its sale was extremely restricted. He had attempted to subscribe to *Amerika*, but was informed that it was available only on the newsstands. . . .

With regard to the content of the magazine, the caller thought that, in general, it was excellent, and he hesitated to make criticisms of things which might subsequently have been corrected since he had, unfortunately, not seen the last two numbers. However, he did mention that he sometimes had the feeling in reading *Amerika* that the magazine made too much of an attempt to whitewash the United States and paint a completely "good" picture, in contrast to the completely "bad" picture contained in the Soviet press. . . .⁴

Turning to the question of anti-American propaganda in the Soviet Union, the caller stated flatly that the majority of the people in the U.S.S.R. does not believe what is stated in the Soviet papers. He said that good will towards the United States is still at a high level, but that the overpowering fear engendered by the Soviet police state is such as to intimidate anyone from publicly expressing any views contrary to the Soviet propaganda line. He spoke many times of the "tragedy" of the Russian people—saying that their natural inclinations towards true democracy, peace and friendship were completely stifled by the Communist dictatorship. In their homes and with their own friends, the informant said, Russians today speak with genuine admiration of America, and envy those fortunate enough to live there.

⁴ For earlier thoughts on this subject, see telegram 563 from Moscow on February 27, p. 537.

123 Smith, Walter Bedell : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

CONFIDENTIAL

Moscow, December 30, 1947—6 p. m.

3468. Personal for Secretary Marshall from Smith. I have had time to assess the results of Soviet currency concordion [*sic*], briefly, our people here have sustained individual losses averaging from about \$100 in case of clerks to about \$500 in case of senior officers. I am ashamed to say what my own loss was as I did not know I had so much money.

More important than these individual losses is fact that actual cost of living has increased, because a dollar will buy only 8 rubles now

where before it bought 12. Have studied figures carefully and find that now and for some time to come it will cost American personnel here a little less than 30% more to live than before currency change. Have asked Department to raise Moscow post allowance from Class 11 to Class 13, an increase of about 28%, effective December 1, 1947 (Embtels 3464 and 3465¹).

[Obvious omission] ponderous processes of bureaucratic procedure, and only way I know of expediting action is through your intervention. Our people have been fine and uncomplaining, but when I got here clerks at American House had been eating C rations for a week and if it had not been for turkeys, etc. I brought from Berlin they would have had a very slim Christmas indeed. It would help a great deal if post allowance were increased promptly, and if jump from Class 11 to Class 13 is too high a hurdle possibly they can be increased one grade immediately, also study of our detailed figures in support of larger increase.

I am sending you another message regarding arrests of our Soviet employees and other representative restrictions which are becoming quite serious, together with my recommendations for counter-action.²

Your report to the nation on the Conference was perfectly fine.³

SMITH

¹ Neither printed.

² In two telegrams 3456 and 3474 from Moscow on December 30 at 11 a. m., and December 31 at 4 p. m., respectively, Ambassador Smith mentioned the arrests and resignations of some of the higher class, old-time Soviet employees which threatened to cripple the operation of the Embassy. He had recommended that a prompt favorable decision to increase the salaries of alien employees was imperative. He also believed that "immediate steps should be taken [to] recruit and train" a small staff of capable Russian translators to work in Germany or the United States. Even if the Soviet Government should not try to wreck the staff inside the country, an "outside staff could be utilized to supplement translating work here" and to keep the magazine *Amerika* in circulation outside the Soviet Union "should it eventually be banned in the USSR." (124.613/12-3047)

³ A radio broadcast over all major networks was made by Secretary of State Marshall from Washington on December 19; for text, see Department of State *Bulletin*, December 28, 1947, pp. 1244-1247.

861.9111/1-848

The Ambassador in the Soviet Union (Smith) to the Secretary of State

[Extract¹]

CONFIDENTIAL

Moscow, January 8, 1948.

No. 43

¹ This portion is taken from the "Report on Internal Political and Social Developments in the Soviet Union for December 1947."

V. SOCIOLOGICAL MATTERS

A. *Derationing and Monetary "Reform"*. The one really big event of December, which far overshadowed all others, is primarily an economic development and therefore not subject to detailed analysis here. However, the sociological significance of its effect on the daily life of most of the USSR's 190 million people is so great that this report would not be complete without at least a general outline of the subject.

The event in question is, of course, the USSR's abolition of rationing and the monetary "reform" which were announced on December 14 and went into effect on December 16. This development apparently received considerable publicity in the United States and the rest of the world in a manner which seldom happens to Soviet internal affairs, enveloped as they are by the iron curtain of the Soviet Government's secrecy psychosis.

This important development had cast its shadow before, and even as early as the last few days of November forecasts of its coming had sent the rumor-sensitive Soviet population into a mad flurry to get rid of their currency holdings by buying every article in sight. Item IV-D of last month's report ² described this buyers' panic in its early stages. The wave of purchasing continued as long as anything was available in the stores, and even afterwards unusually large crowds of people filled the shopping districts of Moscow in a last-minute search for overlooked goods. Many of the smarter elements of the Soviet people—a cynical view would suggest that they were just the "speculators" at whom the reform was aimed—undoubtedly succeeded in getting rid of most of their rubles for goods. Unfortunately, many of the American members of the Embassy staff were not so wise and foresighted!

[Summaries of the main provisions of these two decrees are here omitted.]

For the purposes of this report the significance of these measures is their effect on the life of the Soviet people and on "public opinion" in the USSR. As regards derationing, this measure was universally welcomed. The Soviet people had long hoped for and looked forward to the elimination of the hated card system, for they knew that it would mean more for them to eat, and merely filling their stomachs remains the chief preoccupation of the majority of the people of this advanced socialist land. Consequently, the abolition of rationing, always provided that goods are furnished in sufficient quantity to meet the demand, will mean a considerable relative increase in the standard of living of the Soviet people. Thus far the only fly in the ointment of their pleasure is the fact that only limited quantities of food prod-

² Not printed.

ucts are available for sale and that consequently each purchaser is restricted to a given quantity of the product he desires. This situation produced an increase in the number of stand-in-line-for-others speculators and the establishment of long queues in front of many of the food stores and some of the consumer goods shops in Moscow. Presumably, the situation is the same or worse in the provinces, for Moscow is usually given especially favored treatment in such matters. If the supply of goods increases and the population is able to purchase supplies without queueing (a situation which has never fully prevailed in this country even before the war) they will be very happy indeed. But even if the Soviet distribution system can maintain the present amount of supplies, the people will be better off than before and consequently less discontented with their lot.

However, the currency "reform" is a different matter, and cannot fail to have roused an enormous amount of irritation and resentment among the Soviet people. The decree as passed hit the mass of the people much harder than suggested in last month's report, which stated that the measure "would probably harm directly only that small proportion of the population which has large ruble hoardings." The one to ten conversion ratio and the forced exchange of bonds were much harsher provisions than most foreign observers had prognosticated. The one to ten ratio hit even the man with only a few hundreds of rubles in savings as well as the speculator with thousands or hundreds of thousands. Indeed, the decree might be said to be harder on those with small savings—they, together with those with no savings at all represent the mass of the population of the USSR—because the rich and the speculators had probably already put a great deal of money into goods, while people only slightly ahead of indigence must keep their small savings liquid. Moreover, it is fairly certain that the largest part of those with large currency holdings were not really "speculators" in the illegal sense, but rather peasants who had complied with the Government's demands for large crop sowings during the war and had taken advantage of their legal right to sell their personal surplus at open market prices. Furthermore, while the preferred treatment given savings bank deposits benefited only the very limited number of depositors in this country, the one to three bond exchange ratio penalized some 60-odd millions of bondholders, for purchase of government bonds is practically obligatory for all wage-earning workers in this country. In short, the currency "reform" decree, by itself, had a very harmful effect on large numbers of the Soviet people and consequently created a great deal of irritation and resentment, mitigated only partly by the Government's propaganda emphasizing that the measure would penalize primarily the unpopular "speculators".

The above analysis of the individual effect of the derationing and currency control measures on Soviet living conditions and "public opinion" is about as safe as estimates can ever be in a country where all facts are deliberately concealed and all diplomats thoroughly screened from the local population. However, the Soviet Government, by its acts and propaganda, so successfully combined the unpopular measure with the popular that their effect on the people cannot be separated but must be assessed together. Such an assessment is far more difficult to make with any assurance of accuracy, but it seems safe to say that the effect of the measures has, in general, been positive. The resentment created by the monetary "reform" was apparently more than counteracted by the pleasure at derationing, and the former will, in any case, probably be soon forgotten by most of the Soviet people, who are far more long-suffering and resigned to ill treatment than Americans would believe possible. Moreover, the improvement in living standards caused by derationing (providing always that supplies are sufficient) will go far toward improving public morale, for it is a sad fact that the population of this country is, in general, far more concerned with improving its material welfare than in earning for itself the basic civil liberties. It seems reasonably safe, then, to conclude that these measures have thus far brought greater internal stability to the Soviet regime.

The one factor, particularly interesting from an American point of view, which might cast some doubt on the above conclusion, is the strong reaction of the Soviet Government to the Voice of America broadcast of the news of the buyers' panic in the USSR. Soviet propaganda media have made an all-out attack on the Voice for its treatment of this subject, and have devoted thousands of words to proving that the Soviet monetary system and price structures are infinitely more stable and advantageous for the people than their capitalist counterparts. The amount and intensity of this propaganda vituperation gave a strong impression that the Soviet Government had been touched in a sensitive spot. It seems very clear that the Voice of America is having an appreciable effect on Soviet "public opinion" (an inference collaborated [*corroborated*] from many other sources), and the sharp Soviet reaction may also indicate a deeper popular resentment against the confiscatory currency "reform" than the Embassy has been able to assess from its limited contacts.

A final interesting but unfortunate sidelight on the above developments was the reaction of the diplomatic corps in Moscow. Unlike post-war currency control measures in less xenophobic countries, the Soviet monetary "reform" made no exception for foreign missions and their personnel, so foreign governments and the diplomatic corps lost money

along with the native population. Moreover, the special "diplomatic rate" for foreign currencies was cut substantially in all cases. For example, the drop from 12 to 8 rubles to the dollar will mean a 50 per cent increase in the expenses of this Embassy and its personnel. Altogether, the financial blow is so great that some foreign correspondents and possibly some of the smaller diplomatic missions will close. Despite the obvious injustice of such treatment, the diplomatic corps could not even agree to protest as a body because the Yugoslav and other satellite ambassadors so dominated, with Molotov-like conference tactics, a meeting called to consider a protest that no vote could be taken, not even to adjourn! The attitude on this matter of the Soviet regime is scarcely surprising, and undoubtedly represents both an evidence of its fundamental egocentric xenophobia and a calculated intention to make life in the USSR as restricted and uncomfortable as possible for unpopular foreigners (the satellite missions received certain special advantages under the financial measures). It looks like a hard year for "bourgeois" diplomats in Moscow!

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UNSUCCESSFUL EFFORTS TO NEGOTIATE A LEND-LEASE
SETTLEMENT AGREEMENT WITH THE SOVIET UNION¹

861.24/1-247

The Acting Chief of the Division of Lend-Lease and Surplus War Property Affairs (Matlock) to Mr. Henry Waegelein, Deputy Assistant to the United States Maritime Commission

CONFIDENTIAL

WASHINGTON, January 2, 1947.

MY DEAR MR. WAEGELEIN: This is in response to your telephone request of Mr. Truesdell of this office for advice regarding action taken by the Department of State to effect the return of merchant vessels, use and custody of which were transferred to the Government of the Union of Soviet Socialist Republics under the Lend-Lease Act.

On October 31, 1946 the Under Secretary for Economic Affairs² called in the Soviet Chargé d'Affaires³ and in the course of conversa-

¹ For previous documentation on attempts to open negotiations with the Soviet Union for a Lend-Lease settlement agreement, and consideration of the granting of loans and credits, see *Foreign Relations*, 1946, vol. VI, pp. 818 ff. For the text of the Lend-Lease Act, approved March 11, 1941, see 55 Stat. 31; and for the text of the Master Lend-Lease Agreement with the Soviet Union signed in Washington on June 11, 1942, see Department of State Executive Agreement Series No. 253, or 56 Stat. 1500.

² William L. Clayton.

³ Mikhail Sergeyevich Vavilov, first secretary of the Embassy of the Soviet Union.

tion handed him an *aide-mémoire* ⁴ which reviewed the note of the United States Government of September 14, 1946 ⁵ and asked when a reply might be expected. In reviewing the note of September 14 reference was made to merchant vessels as follows:

"This note reaffirmed the position of the Government of the United States, as set forth in its note of March 18, 1946 ⁶ that the purchase of dry-cargo vessels, tankers, and other merchant vessels, use and custody of which were transferred to the Government of the Union of Soviet Socialist Republics under the Lend-Lease Act, is governed by existing statutes of the United States and that those not purchased must be returned to the Government of the United States in conformity with such statutes. The Government of the United States expressed its desire that discussion of the disposition of these vessels also commence on or before October 15, 1946."

We shall be pleased to inform you from time to time of further developments in this regard.

Sincerely yours,

CLIFFORD C. MATLOCK

⁴ *Foreign Relations*, 1946, vol. VI, p. 855.

⁵ *Ibid.*, p. 854.

⁶ *Ibid.*, p. 830.

862.24/1-1747: Telegram

The Secretary of State to the Embassy in the Soviet Union

SECRET

WASHINGTON, January 17, 1947—7 p. m.

83. For Ambassador.¹ New ruling by General Accounting Office that July legislation ² prohibits shipment regardless of source of funds for accessorial charges and administrative expenses halted deliveries under all pipeline agreements on Jan. 10 ³ (further our 2170 Dec. 23 ⁴ and 2198 Dec. 31 ⁵). New ruling upheld after appeal to GAO at high level. Only remaining recourse Congressional action.⁶ Soviets aware of situ-

¹ Lt. Gen. Walter Bedell Smith.

² Third Deficiency Appropriation Act, approved on July 23, 1946; 60 Stat. 600, 604.

³ In a memorandum of December 5, 1947, by Michael H. Cardozo of the Office of the Legal Adviser, in reviewing the facts surrounding the export of Lend-Lease material to the Soviet Union in 1947, he wrote this explanation: "The policy of continuing pipeline deliveries by means of funds deposited by the foreign governments could not be carried out without the approval by the General Accounting Office of warrants allocating the funds so deposited. This provided assurance that nothing would be done, regardless of the approval by officials of the Departments of State and Treasury, that was not in accord with Congressional intent. It was, of course, the disapproval by the General Accounting Office of these warrants on January 10, 1947, that suspended operation of this program." (861.24/12-547)

⁴ *Foreign Relations*, 1946, vol. VI, p. 860.

⁵ Not printed; but see *ibid.*, footnote 53, p. 865.

⁶ For correspondence between the Under Secretary of State for Economic Affairs, William L. Clayton, and the Lend-Lease Administrator, Chester T. Lane, with Senator Styles Bridges, arising from the confusion caused by this legislation, see Department of State *Bulletin*, February 23, 1947, pp. 343-346, 360.

ation but no formal advice given as yet. Damages to Sov Gov from non-delivery under pipeline can be taken into account in final settlement. Please cable receipt of lend-lease settlement documents transmitted with instruction no. 1607 Dec. 23 ⁷ from Ness.⁸

BYRNES.

⁷ Not printed.

⁸ Norman T. Ness, Director of the Office of Financial and Development Policy.

861.24/1-3047

The Lend-Lease Administrator (Lane) to the Chairman of the Government Purchasing Commission of the Soviet Union in the United States (Eremin)

WASHINGTON, January 30, 1947.

DEAR MR. EREMIN: We have been advised that the Bureau of Federal Supply (until recently known as the Procurement Division of the Treasury Department) has issued instructions that no further action is to be taken incidental to shipment of so-called Lend-Lease material to any country. This includes material covered by the Agreement of October 15, 1945,¹ between the United States and the Soviet Union. These instructions were issued as a result of a letter dated January 10, 1947, from the General Accounting Office to the Commissioner of Accounts Treasury Department,² a copy of which was given to Mr. Tepliakov of your staff.

Until the issue raised by the above-mentioned letter from the General Accounting Office can be clarified, the Treasury Department is naturally in no position to carry out the proposals made in my letters to you of November 27 and December 17, 1946.³ However, as I have already assured your representatives, the Department of State is bending every effort to resolve this matter. Meetings are being held with committees of the Congress for clarification of existing legislation or the enactment of new legislation in order that this matter may be brought to a speedy conclusion.

As you no doubt realize, the ramifications of the problem before us are such that at this writing I am unable to forecast the date on which the matter will be settled. In the meantime, the check of your Government is being retained by the Treasury Department for application to

¹ For text of the agreement relating to the disposition of Lend-Lease supplies in inventory or procurement in the United States (the "Pipeline" agreement) signed at Washington on October 15, 1945, see Department of State Treaties and Other International Acts Series (TIAS) No. 3662, or *United States Treaties and Other International Agreements* (UST), vol. 7 (pt. 7), p. 2819.

² Robert W. Maxwell.

³ *Foreign Relations*, 1946, vol. VI, pp. 856 and 859.

the purposes for which it was deposited, if and when a favorable solution of the matter is reached.

I trust that you will accept my sincere expression of regret at the delay which has occurred.

Sincerely yours,

CHESTER T. LANE

862.24/2-547 : Telegram

The Secretary of State to the Embassy in the Soviet Union

SECRET

WASHINGTON, February 5, 1947—4 p. m.

180. For Ambassador. ReDeptel 83, January 17, 7 p. m. Formal advice of cessation of deliveries under pipeline given Eremin of Soviet Government Purchasing Commission by letter from Lane dated 1/30/47. However, items to which title had been transferred prior to December 31, 1946 including items "deemed" transferred in accordance with Agreement of Oct 15, 1945 have been released for immediate shipment. Best estimates indicate materials released amount to \$9 million.

MARSHALL

861.24/2-747

Memorandum by Mr. Joseph J. O'Connell, Jr., General Counsel Department of the Treasury, to Mr. Robert W. Maxwell, Commissioner of Accounts, Department of the Treasury

[WASHINGTON,] February 7, 1947.

On January 10, 1947, the Chief of the Accounting and Bookkeeping Division¹ of the General Accounting Office informed you by letter that he was returning unsigned certain warrants transferring payments by various foreign governments to special accounts for expenses in connection with the so-called lend-lease pipeline agreements. He stated that in his opinion Congress had intended, under Public Law 521, 79th Congress, that lend-lease shipments should stop on December 31, 1946. Thereafter, representatives of the Russian Government contended both to the State Department and the Bureau of Federal Supply that title to various lend-lease material had passed to the Russian Government on or before December 31, 1946. I determined, after careful consideration, that title to certain of such material had passed in the light of the agreement of October 15, 1945, with the Russian Government, namely, material which the Russians had been notified was available for delivery to them and as to which either of the following had happened on or before December 31: (a) the lapse of three months which, pursuant to the agreement, made title pass automatically, or (b) the issuance of letters of acceptance or shipping

¹ J. Darlington Denit.

instructions by the Russians. Together with Mr. Chester Lane of the State Department and Mr. Clifton E. Mack of the Bureau of Federal Supply, I called upon the Comptroller General² and informed him of this determination, and subsequently Mr. McFarland³ of that office telephoned me and said that the Comptroller General would interpose no objection provided that no appropriated funds were expended. This required further clarification since it would be necessary to incur some expense in connection with loading goods from warehouses, including Army depots, and also in connection with the issuance of shipping instructions by the Bureau of Federal Supply, and other administrative expenses such as documentation, audit, etc. On January 31, 1947, I had another telephone conversation with Mr. McFarland and obtained the assurance that expenditures of this kind were not included in the class deemed objectionable by the Comptroller General. Mr. McFarland said he understood that the Bureau of Federal Supply would reimburse the War Department for loading expenses, and in turn bill the Russian Government. I am informed that in accordance with this opinion the Bureau of Federal Supply is releasing to the Russians all material covered by the pipeline agreements to which title passed on or before December 31.⁴

JOSEPH J. O'CONNELL, JR.

² Lindsay C. Warren.

³ John C. McFarland, General Counsel, General Accounting Office.

⁴ In his memorandum of December 5, reviewing the facts surrounding the export of Lend-Lease material to the Soviet Union early in 1947, Mr. Cardozo wrote in part: "The decision to permit the Soviet Government after December 31, 1946, to take custody of those items in the pipeline which were covered by paragraph B of Schedule II of the Agreement of October 15, 1945, was based entirely on legal conclusions. . . . Despite the conclusion by the members of the legal division of OFLC [Office of the Foreign Liquidation Commissioner] in the State Department and by members of the General Counsel's staff in the Treasury Department, and members of the staff of the Chief Counsel of the Bureau of Federal Supply, that, under the circumstances then existing, the Russian position was justified, action on their contention was taken only after prior explicit clearance with the Comptroller General and his General Counsel. . . . The fact that these deliveries to Soviet custody were still taking place was also communicated to members of Congress and committee staffs from time to time." (861.24/12-547)

811.79661/2-1847 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

[Extract]

SECRET

Moscow, February 18, 1947—5 p. m.

434.

I also brought up matter of the lend-lease settlement, pointing out that failure of the Soviet Govt to reply to our repeated overtures was

becoming embarrassing to us. I stressed importance of beginning these discussions and continuing them, even though they are protracted. Vyshinski¹ assured me that he would follow this through personally.

SMITH

¹ Andrey Yanuaryevich Vishinsky, Deputy Minister for Foreign Affairs of the Soviet Union. This conversation probably occurred on February 15.

861.24/2-2647

*Memorandum by the Under Secretary of State for Economic Affairs
(Clayton)*¹

SECRET

[WASHINGTON,] February 26, 1947.

1. No replies have been received from the Soviet Government to our repeated requests for initiation of lend-lease settlement negotiations, the purchase or return of lend-lease merchant vessels, and the return of three lend-lease Navy icebreakers. (See Attachment I)

2. Unless satisfactory replies are received prior to your arrival in Moscow,² it is recommended that you personally press these matters with Soviet officials.

3. The Congress and press have commented strongly on a Soviet breach of faith in not acknowledging our requests and have criticized Soviet retention without payment of lend-lease merchant vessels alleging competition with the United States Maritime industry. (See Attachment II)

4. Satisfactory settlements have been effected with the largest lend-lease recipient, the United Kingdom, and with France. India, Belgium, Australia, New Zealand and Turkey. Settlement negotiations are now in progress with the Netherlands, Norway, and the Union of South Africa. The Chinese and certain smaller accounts remain to be settled.

5. Total lend-lease aid to the U.S.S.R. during the period of hostilities amounted to approximately \$11 billion, the second largest amount provided to any nation. Reverse lend-lease aid from the U.S.S.R. was negligible amounting to about \$3 million.

6. Lend-lease articles value at \$225,000,000 have been transferred to the U.S.S.R. since the cessation of hostilities and articles valued at \$9,000,000 are in process of transfer on a long-term credit basis under the U.S.-U.S.S.R. "pipeline" Agreement of October 15, 1945. How-

¹ This memorandum concerning the Lend-Lease negotiations with the Soviet Union and the return of ships was drafted by George E. Truesdell, economist in the Division of Lend-Lease and Surplus War Property Affairs, and was directed to the Secretary of State.

² Secretary of State George C. Marshall attended the Fourth Session of the Council of Foreign Ministers, which met in Moscow March 10-April 24. For documentation on this session, see vol. II, pp. 139 ff.

ever, transfer of goods valued at \$16 million is being held up pending review by the Congress of a proviso in an appropriation act of July 1946 which has been construed as prohibiting shipment of any lend-lease goods after December 31, 1946 even though committed for delivery under existing agreements made in good faith under the clear authority of Section 3(c) of the Lend-Lease Act.

7. The Soviet Master Lend-Lease Agreement sets no specific date for the beginning of settlement discussions although it implies that discussions will be held at the end of the emergency. The Agreement provides for the return of lend-lease articles desired by the United States upon a declaration by the President of the end of the emergency. Should Soviet officials argue that, in the opinion of their Government, settlement negotiations are not timely or if they should state that the return of lend-lease vessels is not mandatory at the present time, they may be told that notwithstanding the presence of this same technicality other Governments have acted upon our requests without protest.

If Soviet officials persist in such objections, they may be told that a suitable declaration of the end of the emergency will be made at the earliest possible moment. This declaration would provide legal basis for our demands for the return of ships. The return of certain other articles might then be demanded for the purpose of persuading the Soviet Government that its own interests required it to negotiate a settlement.

A general declaration by the President of the end of the emergency may be made in the near future. If it is not, a declaration may be requested of the President for the limited purpose of all Master Lend-Lease Agreements, or for the specific purpose of the Soviet Agreement. It is not proposed immediately to request that a declaration be made for the purposes of the lend-lease agreements or for the purpose of the Soviet Agreement alone, unless further overtures to the Soviet Government regarding lend-lease matters fail to produce satisfactory arrangements. (See Attachment III)

8. The lend-lease settlement proposed for the Soviet Union is based on the general principles already adopted in settlements with the United Kingdom, France and other countries. Under these principles the United States would require long-term payment for, and would transfer title to non-military items remaining in Soviet inventory on V-J Day; "military items" would be left in Soviet custody without payment but with the right of recapture remaining with the United States. "Military items" in the British settlement included all lend-lease items in the hands of the British armed forces on V-J Day irrespective of their military or civilian character whereas, in the case

of the proposed U.S.S.R. settlement, "military items" would be limited by item definition to strictly combat items such as fighter aircraft, armored vehicles, guns and ammunition, irrespective of the military or civilian status of the holding agency. Payment on credit terms would be sought for only the post-war economic value of non-military items. British and French lend-lease settlement discussions were parts of discussions of broader economic topics including long-term loans of new money. Our attempts to reach agreement on an agenda for similar discussions with the Soviet Government failed. In view of this failure and the improbability of U.S. approval of a loan, lend-lease discussions were proposed independently. The Soviet Government, before agreeing to discuss an independent lend-lease settlement, may attempt to revive our previous agenda proposals which required discussion of a lend-lease settlement and other economic questions in conjunction with the discussion of a loan. (See Attachment IV)

9. Although no inventory of goods on hand as of V-J Day has been received in response to our several requests, estimates of such an inventory have been prepared by the Department and are believed to be adequate for settlement purposes. Analysis of these estimates indicate the U.S. cost, depreciated to V-J Day, of non-combat items in the inventory to be about \$2.3 billion. The fair post-war economic value of such items, for which payment will be sought, is a matter for negotiation.

[Attachment I]

U.S. OVERTURES TO THE U.S.S.R. ON LEND-LEASE

On September 14, 1946 a note,³ copy of which is enclosed, was forwarded to the Soviet Chargé d'Affaires ad interim, Mr. Fedor T. Orekhov, proposing that discussions be initiated in Washington on or before October 15, 1946 for the purpose of reaching a final settlement of U.S.-U.S.S.R. lend-lease obligations. The proposal limited such discussions to topics covered by the Lend-Lease Agreement of June 11, 1942. This note contained separate reference to our note of March 18, 1946⁴ which requested that purchase or return of all U.S. merchant vessels transferred under lend-lease and reiterated that the purchase of merchant vessels transferred under lend-lease is governed by U.S. statutes and those vessels not purchased must be returned. It also reiterated the United States request of July 26, 1946⁵ for the return of three Navy icebreakers transferred under lend-lease.

³ *Foreign Relations*, 1946, vol. vi, p. 854.

⁴ *Ibid.*, p. 830.

⁵ *Ibid.*, p. 852.

Since no reply to our note of September 14 had been received, the Soviet Chargé d'Affaires ad interim, Mr. Vavilov, was called in on October 31 to see Mr. Clayton and in the course of conversation was handed an *aide-mémoire* ⁶ which reviewed our note of September 14 and asked when a reply might be expected. As no acknowledgement had been received of either our note of September 14, or the *aide-mémoire* of October 31, Ambassador Smith raised these questions with Soviet Minister of Foreign Affairs Molotov in Moscow on December 30, 1946 and followed his conversations with a formal note dated December 31, 1946.⁷ Ambassador Smith requested consideration of these questions as a "matter of urgency". On February 18 Ambassador Smith reported that he had brought the matter up again, this time with Deputy Minister Vyshinski pointing out the failure of the Soviet Government to reply to our repeated overtures and stressing the importance of beginning discussions and continuing them however prolonged they might be.

First mention of lend-lease settlement discussions were made by this Government in a note dated February 21, 1946.⁸ This was in the form of a reply to a memorandum of August 28, 1945⁹ from Lieutenant General L. G. Rudenko, Chairman of the Government Purchasing Commission of the Soviet Union in the U.S.A., requesting an Export-Import Bank credit of one billion dollars. Our original proposals coupled the settlement of lend-lease obligations, claims of American nationals, assistance to peoples of liberated areas, freedom of navigation on international waterways, preliminary discussions of a treaty of friendship, commerce and navigation, a copyright convention, civil aviation and other economic matters to the question of the one billion dollar credit. Subsequent correspondence regarding the agenda of credit discussions resulted in a lack of agreement. The note of September 14 represented our first overture to the Soviet Government for initiation of lend-lease settlement discussions independently of other matters.

[Attachment II]

LEND-LEASE MERCHANT VESSELS

Merchant vessels, the use and custody of which were transferred to the Soviet Government for the purpose of providing shipping for lend-lease goods through Japanese waters in the Pacific, and which according to best information remain in operation under the Soviet flag, consist of 95 vessels: 48 dry cargo vessels, 1 tanker, and 1 tug built

⁶ *Foreign Relations*, 1946, vol. vi, p. 855.

⁷ *Ibid.*, p. 865.

⁸ *Ibid.*, p. 828.

⁹ *Ibid.*, 1945, vol. v, p. 1034.

before the war, 36 Liberty dry cargo vessels, 3 Liberty tankers, 4 T-2 tankers and 2 tugs built during the war. None of these ships may be sold except under the Ships Sales Act of 1946 or other relevant statutes of the United States.

[Attachment III]

DECLARATION OF THE END OF THE EMERGENCY

All transfers of lend-lease articles to the U.S.S.R. during the period of hostilities were subject to the terms and conditions of the Soviet Master Lend-Lease Agreement of June 11, 1942. The preamble to this agreement recognized it to be "expedient that the final determination of the terms and conditions upon which the . . . [U.S.S.R.]¹⁰ receives such aid . . . should be deferred until the extent of the . . . aid is known and until the progress of events makes clearer the final terms and conditions and benefits which will be in the mutual interests . . . of the United States of America and the Union of Soviet Socialist Republics".

Article V of the agreement reads as follows:

[“]The Government of the Union of Soviet Socialist Republics will return to the United States of America at the end of the present emergency, as determined by the President of the United States of America, such defense articles transferred under this Agreement as shall not have been destroyed, lost or consumed and as shall be determined by the President to be useful in the defense of the United States of America or of the Western Hemisphere or to be otherwise of use to the United States of America.[”]

Article VII states that “at an early convenient date, conversations shall be begun . . . with a view to determining . . . the above-stated objectives. . . .”; Article VIII states that the agreement shall “continue in force until a date agreed upon by the two governments”.

Under the provisions of this agreement the Soviet Government may delay settlement negotiations and, until a declaration of the end of the emergency, is not required by the agreement to return any lend-lease articles including ships. A declaration of the end of the emergency by the President together with a determination of the need of the U.S. for all merchant and naval ships and a reservation as to the needs of the U.S. for other lend-lease articles would provide a legal basis for our requests. After such a declaration, further demands for the return of ships and for initiation of settlement negotiations could be made and strong publicity given to Soviet failure to live up to their agreements. If these steps should meet with no success, we would be in a position to

¹⁰ Brackets appear in the source text.

consider initiation of court action to recover ships in U.S. ports and to seek to recover them in the ports of other countries. We could also demand the return of other lend-lease articles in an effort to force a settlement.

Recovery of vessels in U.S. and foreign ports would have limited practical effect since a majority of these ships are believed to be operating in Soviet coastal trade and would avoid foreign ports where recovery might be effected. In any event, it appears unlikely that court action either in the U.S. or abroad would prove desirable. Return of other lend-lease articles also would be impractical since they would have little value in the United States except as scrap.

[Attachment IV]

COMPARISON OF BRITISH SETTLEMENT WITH THAT PROPOSED FOR THE U.S.S.R.

British lend-lease settlement discussions were a part of discussions of a number of economic matters including a long-term credit, the terms of payment for lend-lease "pipeline" deliveries made after V-J Day, the bulk sale of U.S. Army surplus in the U.K., the adjustment of war claims, and agreement on principles of world trade.

Settlement discussions with the U.S.S.R. as now contemplated would be limited to topics covered by the Soviet Master Agreement of June 11, 1942 except for "pipeline" materials already covered by the Agreement of October 15, 1945 and would follow generally the principles already applied in the comparable portions of the settlements that have been concluded with the United Kingdom, France and other countries. It would include (a) transfer to the U.S.S.R. of full title to all lend-lease articles which remained in U.S.S.R. inventory on V-J Day except "military" articles—strictly combat items—, and except ships which must be returned; (b) payment on credit terms by the U.S.S.R. for the fair value of lend-lease articles title to which is transferred as indicated in (a) above; (c) retention by the U.S. of the right to recapture "military" articles title to which is not transferred; (d) agreement by the U.S.S.R. not to retransfer "military" articles without the prior consent of the U.S.; (e) transfer to the U.S. by the U.S.S.R., as part payment of the total obligation, of U.S.S.R. currency and other valuables to be used for the acquisition of buildings for the Embassy and Consulates, and for a student hostel and for the provision of scholarships for U.S. students in U.S.S.R. centers of learning; (f) settlement and waiver of intergovernmental claims arising during the course of hostilities and directly connected with the prosecution of World War II; (g) agreement to continue discussions for the attain-

ment of the economic objectives referred to in Article VII of the Master Lend-Lease Agreement of June 11, 1942 and agreement on such other matters as may be possible in furtherance of these objectives; (*h*) payment by the U.S.S.R. for such small quantities of U.S. surplus materials located abroad as were transferred to the U.S.S.R. without specific arrangements for payment; (*i*) transfer to the U.S.S.R. with payment as in (*b*) above of other small quantities of U.S. surplus war materials remaining in the U.S.S.R.

The only notable difference between the lend-lease settlement proposed for the U.S.S.R. and the comparable portions of the British and French settlements is the difference in definition of "military" articles. In settlement agreements with these two governments title was transferred to all lend-lease articles in control on V-J Day of civilian agencies. Recapture rights were retained and U.S. consent was made prerequisite to retransfer of any lend-lease articles held by the armed forces of the recipient countries. In the case of the state-owned economy of the U.S.S.R. where the lines of demarcation between civilian agencies and establishments of the armed forces are purely nominal, in the absence of an inventory of lend-lease articles in the U.S.S.R. as of V-J Day, indicating the agencies holding these articles, and in view of the improbability of inspection and verification privileges in regard to inventories, it is proposed that transfer of title be executed for all lend-lease articles except a specific list of "military type items" regardless of the agency controlling them on V-J Day. This approach, which has been employed in the case of Australia and certain other countries, would have several special advantages in a settlement with the U.S.S.R. First, it would eliminate dispute as to the proper segregation of items between military and non-military categories. Second, a U.S.S.R. lend-lease item found in the hands of a second country could be identified as subject to the retransfer provisions of the settlement by description alone. Third, a similar advantage would appear in the exercising of recapture rights.

Because of the difference in magnitude of the inventories at the end of the war and because of other factors in the British and other settlements not present in the proposed Soviet settlement, the amounts due under the British and other settlements cannot be used as a guide in determining the amount which should be received from the U.S.S.R.

The Department, mainly for reasons of commercial policy, has not attempted to secure strategic materials in lend-lease settlements made with the United Kingdom, France, and other countries. However, this subject may be introduced into the U.S.S.R. negotiations if later developments should require it.

861.24/2-2747

*Memorandum by the Under Secretary of State for Economic Affairs
(Clayton)*¹

SECRET

[WASHINGTON,] February 27, 1947.

Further to my memorandum of February 26, 1947, paragraph 2, my recommendations include pressing Soviet officials for affirmative responses to the requests in our note of September 14, 1946 as follows:

(1) To set a definite date for initiation of lend-lease settlement discussions in Washington. Any date prior to end of June would be considered satisfactory.

(2) To arrange immediately for the return to the United States or to make application for purchase of U. S. merchant vessels in accordance with our note of March 18, 1946.

(3) To return immediately to the United States three Navy ice-breakers in accordance with our note of July 26, 1946.

Mr. Charles E. Bohlen and Mr. Elbridge Durbrow, Counselor of Embassy at Moscow, are familiar with these matters.

¹ See footnote 1, p. 658.

861.24/3-2147 : Telegram

The Acting Secretary of State to the Secretary of State at Moscow

SECRET

WASHINGTON, March 21, 1947—7 p. m.

613. Moscco 18. Personal for the Secretary. Question of authorizing further lend-lease pipeline transfers to USSR and other countries is now being considered by Congress.

Notwithstanding the evident indefensibility of USSR failure to respond to our proposals re lend-lease, we assume that your position in dealing with Soviet Union may be weakened if Department does not obtain authority from Congress to complete agreed lend-lease pipeline shipments, and if consequently US conspicuously defaults in connection with the pipeline agreement with USSR of Oct 15, 1945. Moreover we fear default might jeopardize collection for shpts already made. May we be advised urgently of your wishes. If you wish, we will ask Congress to consider the matter in the light of these broad considerations.

ACHESON

861.24/3-2147 : Telegram

The Acting Secretary of State to the Secretary of State at Moscow

SECRET

WASHINGTON, March 21, 1947—7 p. m.

614. Moskco 19. Personal for the Secretary. ReDeptel 524, March 14, 8 p. m. for Ambassador,¹ and Clayton's memo to Secretary of Feb 26 on lend-lease matters, and re Moskco 18 of even date.

An emphatic affirmative self-contained answer to Moskco [18] of even date re lend-lease pipeline shipments would greatly assist in presenting Dept's position to Congress if in fact Secretary wishes shipments to continue and Dept. to have discretion in the matter free from legislative restriction. If you have no objection, we should like to show any affirmative reply or paraphrase thereof confidentially to appropriate members of Congress to bolster Dept. presentation.

Third Deficiency Appropriation Act of July 1946 prohibits use of funds so appropriated for any expense incident to shipment abroad of any lend-lease articles after December 31, 1946 whereas Lend-Lease Act authorized deliveries until June 30, 1949 under contracts executed prior to June 30, 1946. GAO ruling makes Congressional legislation or statement of intent to legislate necessary to permit continuation deliveries in fulfillment of "pipeline" agreements with foreign governments under Section 3(c) of Lend-Lease Act so far as concerns appropriations to the President. Appropriations Committees apparently reluctant to authorize shipments in view of recent events, Congressional sentiments and public opinion regarding current relations USSR with respect lend-lease settlement, disposition of lend-lease merchant vessels and other matters.

Total goods for delivery under pipeline agreements after V-J Day amounted to about \$1,200 millions, of which \$250 millions for USSR. Amount remaining untransferred all countries estimated nearly \$25 millions of which \$17 millions for USSR. Australia, Guatemala, Belgium have already paid for items involved and all countries are pressing for deliveries. Goods accumulating in warehouses will have to be declared surplus and outstanding contracts cancelled if lend-lease pipeline transfers can not be made. Procurement agencies increasingly embarrassed. Dept. here holds view that breach of pipeline agreements entered into with foreign governments including USSR would compromise US moral position to some extent, would possibly jeopardize collections under USSR pipeline agreement for deliveries already

¹ Not printed. This telegram contained the information that the press quoted the Chairman, John Taber, of the Appropriations Committee of the House of Representatives as saying that the Committee had rejected continuation of the October 15, 1945 agreement deliveries. It further stated that no formal action had actually been taken by either House or Senate Committees. (862.24/3-1447)

made, would render general settlement discussions mainly with USSR more difficult, and might have other unfavorable repercussions. Some of the undelivered items are necessary to complete units already partly delivered to the USSR.

It would be helpful to be able to tell Congress whether you plan to approach SovGov on lend-lease matters referred to in Clayton's memos to you of Feb 26 and 27.

ACHESON

861.24/3-2547

Memorandum by Mr. George E. Truesdell of the Division of Lend-Lease and Surplus War Property Affairs

[WASHINGTON,] March 25, 1947.

Last July Congress appropriated funds for the liquidation of the lend-lease "pipeline" agreements. In the Appropriation Act, however, a provision was inserted prohibiting the use of any of these funds for any expense incident to the shipment abroad of any commodities after December 31, 1946. As of the latter date, transfers under lend-lease "pipeline" agreements to about a dozen countries had aggregated slightly over a billion dollars, of which about \$233 millions had gone to the U.S.S.R. There remains to be transferred to the foreign governments about \$25 millions worth of material. Approximately \$17 millions of this material is covered by the "pipeline" agreement of October 15, 1945, with the U.S.S.R.

As a result of the proviso attached to the Appropriation Act last July, the transfers have been suspended. The Department took the position that completion of the deliveries in accordance with the agreements with the other governments was very important. Congress was not in session last fall when a decision had to be reached as to future action. Therefore, a plan was evolved whereby the foreign governments were asked to deposit funds to be used for the expenses for which the appropriation, under the proviso in the Appropriation Act, could not be used. The Comptroller General, however, ruled that those deposits could not be used unless an expression of opinion was obtained from Congress indicating that such use would not violate Congressional intent.

As a consequence Mr. Clayton appeared before the House Appropriations Committee and Mr. Thorp¹ appeared before the Senate Appropriations Committee to ask for such an expression of opinion or legislation if necessary. No response has been received from either

¹ Willard L. Thorp, Assistant Secretary of State for Economic Affairs.

Committee. We have now received a cable from Secretary Marshall,² in the form attached hereto, asking that Congressional leaders be informed confidentially that his hand will be strengthened in dealing with the Soviet representatives if he is given authority to decide whether or not "pipeline" deliveries will be continued. He indicates that such action by Congress would prevent default or delay in connection with transfers to countries other than the U.S.S.R. The Secretary wishes to be free to make a decision on the Soviet "pipeline" transfers in accordance with the response of the Soviet Government to United States proposals regarding general lend-lease settlement negotiations. He will then be able to decide what action to take in connection with the Soviet transfers in the light of the Soviet Government's response to proposals for opening lend-lease settlement negotiations.

PROPOSED LEGISLATION FOR PIPELINE PROBLEM

The provision of Public Law 521 which has created our pipeline problem reads as follows:

DEFENSE AID—LEND-LEASE

Liquidation: Not to exceed \$5,500,000 of the funds made available by title II of the Second Deficiency Appropriation Act, 1945, and other Acts mentioned in said title for carrying out the provisions of an Act to promote the defense of the United States, approved March 11, 1941, are hereby continued available during the fiscal year 1947 for the liquidation of the activities under said Act of March 11, 1941, said sum to be derived from the amounts appropriated for the several categories for which appropriations have been made as may be determined by the Secretary of State or such official as he may designate: *Provided*, That the amount named herein shall not be available for any expense incident to the shipment abroad of any commodities after December 31, 1946.

Our present suggested amendment is the following:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Title I of an Act "Making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1946, to provide appropriations for the fiscal year ending June 30, 1947, and for other purposes", in the paragraph under the heading "Defense Aid—Lend-Lease" is amended by striking out "year 1947" and inserting in lieu thereof "years 1947 and 1948" and by striking out "*Provided*, That the amount named herein shall not be avail-

² Not printed. This telegram 978, Kosmos 11, from Moscow on March 24, 5 p. m., was in reply to the Department's telegrams 613 and 614 of March 21, and is here fully summarized. (861.24/3-2447)

able for any expense incident to the shipment abroad of any commodities after December 31, 1946", such amendment to take effect for all purposes as of July 23, 1946.

861.24/3-2747 : Telegram

The Secretary of State to the Acting Secretary of State

TOP SECRET URGENT

Moscow, March 27, 1947—6 p. m.

1053. Kosmos 14. Eyes Only for Acheson from Marshall. Reference my 978, March 24,¹ I wish to have Ambassador Smith call on Molotov immediately and re-state the situation regarding the Soviet failure to reply to our request for the commencement of negotiations regarding the settlement of Lend-Lease. He would repeat his previous statements to Molotov and stress the fact that now, as he had foretold, the political issue in the United States and public opinion demand definite action, either on the part of the Soviet Government or of our government. I would like him to conclude by stating that if the Soviet Government, within a definite number of days, does not make a satisfactory reply regarding Lend-Lease negotiations, the Administration would be forced to recommend that the United States declare the Soviet Government in default and would, therefore, act in accordance with established procedure toward a country in default. Smith would not go beyond this to explain default, other than to point out embarrassment to Soviets through publicity on matter.

I want the Department's views on this, together with a statement of just what means are available to the US in the way of pipeline stoppages, recapture of Lend-Lease material, termination of government economic assistance or Trade Agreements, discouragement or denial of financial or sales activities of private US firms, application of the Johnson Act, et cetera.

The information requested above is for my personal use only in making the decision. The publicity attendant to declaration of default is probably the most damaging factor from Soviet viewpoint, but I do not want it based on an empty threat.

[MARSHALL]

¹ Not printed ; but see footnote 2, p. 668.

861.24/3-2447 : Telegram

The Acting Secretary of State to the Embassy in the Soviet Union

TOP SECRET US URGENT

WASHINGTON, March 28, 1947—8 p. m.

716. Mosko 34. By not replying to our more recent requests for negotiation lend-lease settlement and return of ships SovGov has clearly

failed to live up to spirit of lend-lease agreement. We therefore feel that, subject to following comments, vigorous representations should be made. We doubt however that it would be advisable to fix a definite number of days for reply since Russians might consider this an ultimatum involving their prestige.

Although it is of course only a technicality it can be argued that Russians are not in default since lend-lease agreement contains no provision for fixing specific date of settlement. Significant provision of Sov master lend-lease agreement for bargaining purposes is article 5 which provides for recapture of any or all lend-lease articles at end of emergency as determined by President. It would be possible for President at any time to determine end of emergency for purposes of article 5 in advance of a general determination of end of emergency. It has so far not been thought advisable to have the emergency declared over for such a limited purpose since other countries have negotiated lend-lease settlements and agreed to recapture of some lend-lease material without it. Should you consider it advisable to take such action prior to again taking up matter with Russians we will immediately make necessary request of President. It was our intention however to do so only in event Russians failed to reply promptly to our further representations. (Discussion of some of considerations involved in determination end of emergency are contained in memo to you from Clayton dated Feb 26.)

Shipments under pipeline are now stopped pending congressional action. Clayton has talked with congressional leaders along lines urtel 978, March 24,¹ and although they agreed discuss matter among themselves and advise later, Clayton considers it unlikely they will agree make possible continuation pipeline deliveries to USSR. Even if enabling legislation were passed you would still be able to suspend shipments. Colmer² and others have introduced measures in Congress to prevent all shipments to USSR including commercial until Russians act on ships and lend-lease settlement satisfactorily.

There is obviously little possibility of recapture of lend-lease material should Russians decide deliberately ignore our demand therefor although we could probably prevent any Russian lend-lease ships entering US ports from leaving, but only after declaration of end of emergency had provided legal basis for demand for return.

Our trade agreement with Sov Union provides for 6 months written notice of termination.³ Since bulk of Sov exports to US are duty free such termination would have little practical effect. Other than pipe-

¹ Not printed ; but see footnote 2, p. 668.

² William M. Colmer, member of the House of Representatives from Mississippi.

³ *Foreign Relations*, 1942, vol. III, p. 763.

line arrangement now in suspense Russians are not receiving any govt economic assistance.

Johnson Act would prevent private loans or sale of Sov securities in this country but it is doubtful whether it would prevent private sales on credit.⁴

Despite foregoing we feel that govt discouragement of sales to Russia by US firms would have considerable effect and would be seriously regarded by SovGov. We could place various types of other obstacles in way of their obtaining supplies in this country such as making it difficult for them to obtain shipping space. We could probably also utilize other means of pressure such as discouraging continued training of Sov technicians here and refusing issuance of visas to Russians employees of Amtorg.⁵

ACHESON

⁴ In telegram 717 further details on the Johnson Act were promised in a subsequent telegram. See telegram 753 to Moscow on April 1, 6 p. m., *infra*.

⁵ Amtorg Trading Corporation, official purchasing and sales agency in the United States of the Soviet Union.

861.51/3-2447 : Telegram

The Acting Secretary of State to the Embassy in the Soviet Union

SECRET US URGENT

WASHINGTON, April 1, 1947—6 p. m.

753. Re your 980, March 24, 5 p. m.¹ 1. No specific laws now in force would prohibit credits to Soviet Union or other governments by U.S. Govt. Johnson Act applicable only to private loans as distinguished from those by U.S. Govt.

2. Limitation on making new loans to Soviet Union lies in limited funds available to ExIm Bank which could legally make loans. Any very large loan would require additional legislation either increasing authority of ExIm Bank or special Congressional authorization such as employed for loan to U.K.²

3. Lend-Lease Act contains full authority to allow credit to Soviet Union for the payment of obligations arising out of lend-lease transactions. Pipeline Agreement of Oct 15, 1945 contains this type of credit.

¹ Not printed. The Embassy had asked urgently for full information whether any provisions of the Johnson Act, or other acts, would prohibit credits to the Soviet Union, or other foreign powers, under any circumstances. (861.51/3-2447)

² The Financial Agreement with the United Kingdom was signed at Washington on December 6, 1945. Provision was made in it for extension of a line of credit of \$3,750,000,000 until December 31, 1951. A joint resolution by Congress authorizing the Secretary of the Treasury to carry out the agreement with the United Kingdom was approved July 15, 1946; 60 Stat. 535. For text of the agreement, see Department of State *Bulletin*, December 9, 1945, p. 907, or 60 Stat. 1841.

4. Surplus Property Act also contains full authority for credit to Soviet Union for purchase of property declared surplus. Most lend-lease material which must be returned to U.S. at end of war could be declared surplus (such as small naval vessels) and sold under Surplus Act to Soviet Union under agreed credit terms.

5. War-built merchant vessels salable only under Merchant Ship Sales Act of 1946 and may be sold on credit terms specified in that Act. Other merchant vessels transferred under lend-lease to USSR can be declared surplus and sold for credit under authority of Surplus Property Act.

ACHESON

861.24/4-247

*Memorandum by the Deputy Director of the Office of European Affairs (Hickerson)*¹

[WASHINGTON,] April 2, 1947.

I understand that we have not been successful in securing the support of Congressional leaders for legislation permitting the delivery to the USSR of the remaining material under the Lend-Lease pipe line agreement.

Since this material includes equipment necessary to the operation of oil refineries which have already been delivered, it is feared that such a default on our part will provide the USSR with possible grounds for questioning its obligation, in whole or in part, to make the payments provided for in the agreement. In addition, it may well embarrass us in placing the USSR in default for refusing to negotiate a settlement under the master agreement.

It is therefore suggested that a further and very strong effort be made to secure Congressional approval for permitting the completion of pipe line deliveries to the USSR.

J[OHN] D. H[ICKERSON]

¹ This memorandum was directed to William L. Clayton, Under Secretary of State for Economic Affairs.

861.24/4-347

*Memorandum by the Director of the Office of Financial and Development Policy (Ness)*¹

CONFIDENTIAL

[WASHINGTON,] April 3, 1947.

In a memorandum dated April 1, 1947, Mr. Thorp asked Mr. Matlock to prepare legislation, in view of the Congressional opposi-

¹ This memorandum was directed to the Under Secretary of State for Economic Affairs William L. Clayton, and to the Assistant Secretary of State for Economic Affairs Willard L. Thorp.

tion to continuing deliveries to the U.S.S.R., which would allow us to complete shipments of lend-lease pipeline material to other countries. He suggested that such proposed legislation be drafted in general terms, rather than having it specifically exclude Russia.

The possibility of drafting legislation of this type, without mentioning Russia, has been fully explored, in consultation with Mr. Matlock and other members of the staff of LP and Mr. Cardozo of Le/E, and we have determined that there is no practical way of doing this. The Russian Pipeline Agreement and the articles remaining to be shipped thereunder are in almost exactly the same situation as those of the other countries. It would be feasible, and might be politically advisable, to add a proviso to the legislation proposed on March 25, along these lines:

"Provided, however, That whenever the Secretary of State determines that a government is in default under any undertaking with respect to articles transferred pursuant to the authority of the said Act of March 11, 1941, the funds made available herein shall not be available for any expense incident to the transfer of any articles covered by agreements entered into pursuant to Section 3(c) of the said Act until the Secretary of State shall determine that such government is no longer in default."

In addition to the problem of drafting legislation that would exclude shipments to Russia alone, I feel that the Department should continue to maintain its stand that such shipments should be continued, unless the Secretary should determine that the interest of the United States would not be served thereby. If the Department in any way recedes from this position, it would be placed in the position of having to share responsibility for the potentially serious consequences of failing to carry out the Agreement of October 15, 1945.

One of the potential consequences of failing to complete the shipments is the possibility that the Russians may point to our default under the Agreement and refuse to make any payment for the \$233 millions worth of material already delivered. Although they might be in a weak legal position to maintain that nothing is due under the Agreement as a result of our default, they might well seize upon our default as an excuse for such refusal, possibly for the political or bargaining effects as well as for other reasons. In any event, they would be fully justified legally in refusing to pay anything for those articles heretofore delivered, such as some of the oil refineries, for which components remain undelivered. This is specifically covered by the Agreement.

Another consequence of default on our part is connected with the patent royalties for the oil refineries and processes. Just before the December 31 dead line the Russians agreed to send a mission to this

country to negotiate patent royalty agreements with the companies holding patents on the refineries and processes. If such agreements are not concluded satisfactorily, the United States Government may have to pay over \$10 million to the patent holders with no chance of recovering that sum from the Russians. As a result of the stoppage of pipeline shipments after December 31, 1946, the Russians held up departure of the special mission, and advised the oil companies and the Department that the mission would not come to the United States until the problem of the pipeline deliveries had been satisfactorily solved.

Perhaps the most important consideration is that our default under the Pipeline Agreement seriously jeopardizes the chances of having the Russians agree to start final lend-lease settlement negotiations. These negotiations would cover the \$11 billion of wartime lend-lease, as well as the pipeline material. It also jeopardizes our chances of reaching a satisfactory settlement of the problem of the lend-lease merchant vessels still in the possession of the Russians, which have been of such concern to other Congressional committees. Not only would our difficulties in connection with the lend-lease settlement be increased, but our default under one important agreement with the Russians would give them a continuing opportunity to use that default for political purposes for a long time.

861.24/4-547 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET US URGENT

Moscow, April 5, 1947—5 p. m.

1201. Personal for Acheson from Smith. Just finished discussion with Molotov¹ who informs me officially that Soviet Government is now prepared immediately to commence discussions in connection with Lend-Lease settlement. The Soviet representatives will be designated at once and will be headed by Mikoyan.² Further details in following message. I informed Molotov that we would receive from the US within very short time indication of place and tentative date for beginning of conference. Have just informed Secretary who concurs. Molotov understands that these discussions are purely on subject of Lend-Lease settlement.

SMITH

¹ Vyacheslav Mikhailovich Molotov, Minister for Foreign Affairs of the Soviet Union.

² Anastas Ivanovich Mikoyan, Minister for Foreign Trade of the Soviet Union.

861.24/4-647 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET . URGENT

Moscow, April 6, 1947—4 p. m.

1216. Embtel 1201, April 5. When I called on Molotov, I presented *aide-mémoire* outlining remarks I made. Substance follows:

Pointed out we have requested commencement negotiations settlement lend-lease more than four times with no results; reminded him of my prediction in February that matter was rapidly becoming political question in US, adding that now this prediction has been borne out, that matter now in hands of appropriations committees and pending Congressional consideration, pipeline shipments stopped. Informed him that if in few days favorable reply not received, Executive Branch would have to inform Congress officially of failure to obtain Soviet consent to negotiation of settlement and added that such failure might have unfavorable reaction on US-Soviet trade relations.

Favorable Soviet reply outlined my reference telegram.

SMITH

861.24/4-647 : Telegram

The Acting Secretary of State to the Embassy in the Soviet Union

SECRET US URGENT

WASHINGTON, April 7, 1947—6 p. m.

834. Personal for Smith from Acheson. Embtels 1201 Apr 5, 1216 Apr 6. Please tell Molotov this Govt prepared commence Lend-Lease settlement discussions either in Washington or Moscow, and wishes to fix earliest date possible. This Govt however would greatly prefer negotiations take place Washington and you are requested to use every effort so to arrange it.

Please work out with Molotov press announcement which should be made as soon as possible simultaneously Washington and Moscow.¹

ACHESON

¹As a result of correspondence between Ambassador Smith and Foreign Minister Molotov, the latter agreed to Washington as the place for holding the lend-lease negotiations and designated Ambassador Nikolay Vasilyevich Novikov as negotiator for the Soviet Union. A joint announcement was soon agreed upon which was to be issued on April 14 at 8 p. m., Moscow time, and at noon Washington time. For text of this announcement, see Department of State *Bulletin*, April 27, 1947, p. 767.

Editorial Note

While attending the Council of Foreign Ministers at Moscow (March 10-April 24), Secretary of State George C. Marshall had a lengthy conversation with Generalissimo Stalin on the night of

April 15. Lend-lease negotiations were among the subjects discussed, and the Secretary told Stalin that the delay by the Soviet Government in reaching a settlement on this subject was having a bad effect on the United States Congress and on public opinion. For the report of this meeting, see the memorandum of conversation of April 15, Volume II, page 337.

861.24/4-1647

*Memorandum by Mr. Durward V. Sandifer, Acting Legislative
Counsel in the Office of the Legal Adviser*

[WASHINGTON,] April 16, 1947.

In the Senate debate this afternoon on the Greek-Turkish bill,¹ a rather lengthy and heated exchange took place over the question of lend-lease shipments to Russia. There was criticism from Senator Bridges, Senator Johnson, and others, on the continuation of shipments under the "pipeline" agreement.

Senator Vandenberg sent word to me through Mr. Wilcox² of his concern over these statements and of the need for making some answer to them. He suggested the possibility of a brief categorical statement which he might make concerning these shipments. After consulting with Mr. Matlock, Mr. Thompson,³ and Mr. Hickerson, and clearing the text with Mr. Acheson, I called and gave Mr. Wilcox for Senator Vandenberg the following statement:

1. No shipments of civilian lend-lease materials have been made to Russia since V-J Day except for payment under the civilian "pipeline" agreement concluded under Section 3 (c) of the Lend-Lease Act of March 11, 1941.

2. No lend-lease war materials have been shipped to Russia since V-J Day except those in transit on that day.

3. No new procurement contracts for civilian or war lend-lease materials for shipment to Russia have been let since V-J Day.

Later, Mr. Wilcox called and said that Senator Vandenberg would like to have a fuller statement for possible use in today's debate. He requested that we prepare such a statement after examining the record of the debate on this question. I arranged with Mr. Matlock to have such a statement prepared.⁴

D[URWARD] V. S[ANDIFER]

¹ For documentation on aid to Greece and Turkey, see vol. I, pp. 1 ff.

² Francis O. Wilcox, Chief of Staff of the Foreign Relations Committee of the Senate.

³ Llewellyn E. Thompson, Jr., Chief of the Division of Eastern European Affairs.

⁴ For the text of a statement prepared by the Department of State as presented to the Senate on April 18 by Senator Arthur H. Vandenberg, President pro tempore of the Senate, see Department of State *Bulletin*, May 4, 1947, pp. 814-815.

861.51/4-1847 : Telegram

The Acting Secretary of State to the Secretary of State at Moscow

SECRET

WASHINGTON, April 18, 1947—7 p. m.

983. Moscco 72. Personal for the Secretary. During the debate in the Senate on Wednesday ¹ reference was made to a statement said to have appeared in the press that morning that there had been a renewal of the proposal for the United States to loan 1 billion dollars to Russia. Senator Johnson of Colorado declared that he thought it was incumbent upon the State Department to inform the Senate immediately if such a loan was contemplated or that no such loan would be made.² The following statement has been prepared at the request of Senator Vandenberg with a view to his using it in the debate and attributing it to the Department:

"A loan to the Soviet Government is not under consideration and the Department of State is not now contemplating recommending a loan to that Government. The Soviet Government requested a loan in the late Summer of 1945.³ This Government raised a number of economic questions which it wished to discuss in connection with any loan. It was not possible to agree on an agenda for these discussions and consequently there have been no negotiations on the matter of a loan.

"The question of a loan is not involved in the recent agreement with the Soviet Government to begin negotiations for a lend-lease settlement. The negotiations will cover only matters related to the Soviet Master Lend-Lease Agreement of June 11, 1942."

The statement will be given to Senator Vandenberg on Monday morning unless we receive word from you to the contrary.⁴

ACHESON

¹ April 16.² See *Congressional Record*, vol. 93, pt. 3, p. 3648.³ *Foreign Relations*, 1945, vol. v, p. 1034.⁴ In reply by telegram 1482, Kosmos 54, from Moscow on April 20, 3 p. m., Secretary Marshall expressed both his own and Ambassador Smith's concurrence.

861.24/4-2547

The Ambassador of the Soviet Union (Novikov) to the Acting Secretary of State

[Translation]

No. 60

WASHINGTON, April 25, 1947.

SIR: I have the honor to inform you that I have returned to Washington and, in accordance with the agreement reached between the Governments of the U.S.S.R. and the U.S.A. in regard to the regu-

larization of Lend-Lease, I am ready to begin negotiations on the subject.

I should be grateful if you would communicate to me the desires of the Department of State as to the organization of the negotiations.¹

Accept [etc.]

N. NOVIKOV

¹ In his acknowledgment of April 29, Acting Secretary Acheson "proposed that these settlement negotiations be opened at a meeting between Your Excellency and Mr. Willard L. Thorp, Assistant Secretary of State for Economic Affairs, at one o'clock on Wednesday, April 30, 1947" at the Department of State (861.24/4-2547)

861.24/4-2947

The Under Secretary of State (Acheson) to the Secretary of the Navy (Forrestal)

WASHINGTON, [April 29, 1947.]

MY DEAR MR. SECRETARY: Negotiations between this Government and the Government of the Union of Soviet Socialist Republics for the settlement of lend-lease pursuant to the terms of the Soviet Master Lend-Lease Agreement of June 11, 1942 will shortly begin.

The Soviet Master Agreement of June 11, 1942 contains an Article V which provides as follows:

The Government of the Union of Soviet Socialist Republics will return to the United States of America at the end of the present emergency, as determined by the President of the United States of America, such defense articles transferred under this Agreement as shall not have been destroyed, lost or consumed and as shall be determined by the President to be useful in the defense of the United States of America or of the Western Hemisphere or to be otherwise of use to the United States of America.

In view of the imminence of the lend-lease settlement negotiations with the Soviet Government, it is now necessary for this Government to determine its policy with respect to the retention by the Soviet Government of lend-lease articles not lost, destroyed or consumed in the war which now remain in its possession or control. It is to this policy question and its several ramifications that I wish to direct your immediate attention. I solicit your view on this subject both with respect to articles transferred by your Department to the Soviet Government, and with respect to military articles generally.

It is my view that this question bears most directly upon articles of a strictly military or naval character, which the State Department generally takes to mean "arms, ammunition, and implements of war" as enumerated in Presidential Proclamation 2717 of February 14, 1947.

Naval vessels, of course, present a special question, inasmuch as they are subject to return to the United States under Public Law I of the 78th Congress which limits the terms of their transfer.

In the case of certain other countries, arrangements have been or are being made to dispose of small naval vessels by sale to the countries which used them under lend-lease during the war. Procedurally, as you know, this requires their constructive return to United States custody to satisfy the provisions of law, and their sale as surplus property after a determination had been made that they are no longer needed by the United States Navy. Your views regarding the appropriateness of a similar disposition in the case of the Soviet Government would be most helpful.

Article V of the Soviet Master Agreement, cited above, provides that articles which are of use to the United States, either for defense or otherwise, will be returned at the end of the emergency upon request of the President of the United States. One immediate question is to decide which lend-lease articles should be requested for return at the time of the settlement with the Soviet Government.

In previous settlements with major powers, it has been the policy of this Government to permit retention of lend-lease military or naval articles, other than vessels, but to reserve to the United States Government the right of recapture of such articles for an indefinite period into the future. This policy has applied, of course, only to articles not designated for return at the time of the settlement. In point of fact, recapture of articles not subject to special statutory provisions, such as those relating to vessels, have been negligible. This Government has also stated in its settlement agreements generally that while it reserves unto itself its right of recapture of lend-lease military or naval articles, it does not intend to exercise generally this right of recapture. The State Department is inclined to believe that, in view of the practicalities of the situation, this policy is applicable in the case of the Soviet Union as to articles not recaptured at the time of the settlement.

I understand that this general question has frequently been discussed by officials of the Navy and State Departments, and hope therefore that I may have your views urgently. A similar letter has been addressed to the Secretary of War.¹

Sincerely yours,

DEAN ACHESON

¹ Robert P. Patterson.

861.24/4-3047

*United States Side Minutes of First Combined Meeting on Lend-Lease
Settlement Negotiations*¹

SECRET

[WASHINGTON,] April 30, 1947.

PRESENT

U.S.
Mr. W. L. Thorp, U.S.
Chairman
Mr. H. R. Labouisse,
Jr., (U.S. Deputy
Chairman)
Mr. W. C. Armstrong
Mr. T. C. Blaisdell
Mr. C. I. Blau
Mr. M. H. Cardozo
Mr. R. G. Hooker
Mr. N. T. Ness
Mr. A. N. Overby
Mr. N. N. Pearson
Mr. L. E. Thompson
Mr. C. C. Matlock, U.S. Principal Secretary
Mr. G. F. Truesdell, U.S. Assistant Secretary
Mr. H. H. Ware, U.S. Interpreter

U.S.S.R.
The Soviet Ambassador,
Mr. Nikolai V. Novikov
Mr. A. A. Arutiunian

1. Mr. Thorp opened the meeting by welcoming the Soviet Ambassador and Mr. Arutiunian.² Discussion as to the languages to be used in the negotiations resulted in agreement that, although English would be used in most instances, Russian would be employed when occasion demanded. Mr. Thorp stated that the U.S.S.R. Lend-Lease program was the second largest undertaken by the United States, being surpassed in magnitude only by the United Kingdom program. He advised the Ambassador that settlements with the United Kingdom and several other major countries had already been made and that the United States had been greatly concerned over the delay in opening of negotiations for a settlement with the U.S.S.R. but was happy that these negotiations were now under way.

2. In outlining the procedure to be followed, Mr. Thorp stated that the United States had organized a group of specialists in the various fields to be covered. He named Mr. Labouisse³ as Chairman of the

¹ These are not agreed combined minutes. This meeting was held in the Department of State, beginning at 1:05 p. m.

² Amazasp Avakimovich Arutyunyan, expert on Soviet international economic relations, deputy to Ambassador Novikov in the negotiations for a lend-lease settlement agreement.

³ Henry R. Labouisse, Jr., special assistant to the Director of the Office of European Affairs.

U.S. group and Mr. Matlock as the Secretary. Arrangements for meetings and other administrative details would be handled through Mr. Matlock.

3. Mr. Thorp stated that there had been prepared by the U.S. side a list of subjects for discussion and investigation by the working group or groups. He handed to the Soviet Ambassador, and there was distributed generally among those present, a document entitled "Major Subjects for Fact Finding by Working Groups". A copy of this document is attached.⁴

4. Referring to the first item on the list, Mr. Thorp asked if the Soviet Ambassador might have with him or available to him an inventory of lend-lease supplies under U.S.S.R. control at the close of hostilities. Mr. Thorp mentioned his letter to the Soviet Embassy of February 18, 1946⁵ requesting such an inventory. The Soviet Ambassador recalled receiving such a request but made no further comment. Mr. Thorp explained that the scope of the settlement depended upon the magnitude of the defense aid provided and inventories remaining and that there must be agreement as to the facts before a settlement could proceed.

5. As to merchant vessels the Soviet Ambassador stated that the inventory was elementary and would cause no difficulty. He inquired as to the nature of the inventory required. He said that a detailed inventory of the supplies remaining on hand at the close of hostilities would be very difficult to prepare. Mr. Thorp replied that another approach would have to be made if no inventory were available. The Ambassador stated that he would prefer some procedure which would allow over-all considerations to govern rather than considerations based on a detailed inventory. He asked if the United States had in mind a general plan of settlement and expressed the wish to proceed on a general plan first and to take up the details later on in the negotiations.

6. Mr. Thorp brought up the subject of claims arising from lend-lease operations. He pointed out that this was a matter for preliminary fact-finding by working groups. He called upon Mr. Armstrong⁶ to cite examples of the types of claims which might be discussed. Mr. Armstrong mentioned U.S. claims for ocean freight charges paid from lend-lease funds which the U.S. felt should have been paid by the U.S.S.R. in cash. He also mentioned U.S. claims for damages to U.S. ships in Soviet ports and possible U.S.S.R. claims for damages to Soviet ships in U.S. ports.

⁴ Not printed.

⁵ *Foreign Relations*, 1946, vol. vi, p. 827.

⁶ Willis C. Armstrong, assistant adviser on state trading, European Branch, Division of Commercial Policy.

7. Mr. Thorp said the U.S. wished a complete clean-up of all lend-lease problems, and pointed to the magnitude and complexity of the lend-lease operation. He said that the problem of a settlement with the U.S.S.R. was not nearly so complex as had been the case in settlements with some of the other countries. He cited, as an example, problems which had arisen because U.S. troops had been stationed in the territories of some of the other lend-lease countries.

8. Mr. Thorp mentioned patent obligations under Article IV of the Soviet Master Lend-Lease Agreement and commercial policy under Article VII. He said that the United States wished to clean up any patent problems arising from lend-lease and to discuss commercial policy matters in accordance with the agreement.

9. Mr. Thorp enquired as to the size of the Soviet delegation and the assistance available to the Ambassador for lend-lease settlement work. The Soviet Ambassador replied that Mr. Arutiunian and some other experts had accompanied him from Moscow for the purpose and that Mr. Eremin would come from the Purchasing Commission offices in New York to aid him. He said he was concerned over the detailed approach and feared that if each problem were considered in detail it would take a long time to complete a settlement. Mr. Thorp stated that the United States did not desire a long negotiation on its part.

10. Mr. Thorp explained that the U.S. had aided the U.S.S.R. through lend-lease to the extent of slightly more than \$11 billion. He went on to say that the problem was one of arriving at a basis for beginning discussions; however, in the absence of an inventory, it would be necessary to use whatever information was available.

11. The Ambassador enquired if all the items would be discussed together or would be dealt with separately. Mr. Thorp replied that it was planned to discuss them separately for the most part. The Ambassador agreed to detail individuals to the specific problems as they arose. Mr. Thorp agreed to this procedure and stated that the Secretary of the U.S. group would notify the Soviet side of the matters to be discussed and the times for meetings. In this connection the Soviet Ambassador mentioned the Soviet holidays on May 1 and 2. It was agreed that Mr. Labouisse, Mr. Matlock and others would meet with Mr. Arutiunian on Saturday ⁷ at 11:00 a.m. to explore further the specific subjects to be discussed at the working level. At this meeting on Saturday arrangements would be made for a second meeting the first of the week. It was agreed that group meetings would be informal.

The meeting adjourned at 1:35 p.m.

The Soviet Ambassador and his aide remained for about ten minutes after the meeting adjourned. Mr. Thorp reported some remarks

⁷ May 3.

the Ambassador had made to him before taking his departure. The Ambassador had stated that in his opinion a settlement could be made on an over-all basis. He emphasized that the political aspects of the settlement were important, implying that a lump sum settlement would be in order and that account should be taken of the combined effort of the two countries in the defeat of Hitler. Mr. Thorp replied that the magnitude of the material aid rendered by the U.S. should be the terms of the discussions.

Mr. Labouisse expressed his opinion that we should advise the Soviet Ambassador that the U.S. does not expect to receive payment for articles lost, destroyed, or consumed during the war. When he met with Mr. Arutiunian he would have to have something to add to the position of the U.S. over and above what had been said at the meeting just concluded.

Mr. Thompson stated that in his opinion the amount to start with should be large. Mr. Thorp expressed agreement pointing out that Arutiunian was an Armenian and a great trader.

Mr. Hooker^s asked if the minimum arms list could be used in determining the articles for which payment would not be sought and for which recapture rights would be retained by the U.S. Mr. Thompson expressed his opinion that the recapture right should be retained and that he favored Plan A the minimum list.

Mr. Thorp concluded the discussion by stating that the Ambassador had expressed his hopes that the negotiations would not be patterned strictly after the British and French cases.

^s Robert G. Hooker, Jr., Assistant Chief of the Division of Eastern European Affairs.

Editorial Note

After the opening meeting on April 30, specialists from both sides organized into working groups. These groups thereafter held ten meetings between May 3 and July 18, at which the various subjects and problems in connection with reaching a lend-lease settlement agreement were brought up and discussed. At the first meeting it was mutually agreed that an agreement reached on any separate subject was tentative, dependent on satisfactory agreements being attained on all subjects, which would be required before the conclusion of a general settlement. No such general agreement had been arrived at by July 18, at which time the conferences were suspended.

861.24/5-847

*The Secretary of War (Patterson) to the Under Secretary of State
(Acheson)*

CONFIDENTIAL

WASHINGTON, 8 May 1947.

DEAR MR. SECRETARY: Reference is made to your recent letter,¹ in which you advised that lend-lease settlement negotiations are to begin shortly with the U.S.S.R. and pointed out the necessity for early determination of a U.S. Government policy with respect to the retention by the Soviet Government of lend-lease articles not lost, destroyed or consumed in the war.

From the War Department viewpoint, the interests in Russian lend-lease settlement negotiations appear to be three; namely,

1. Recapture of such items still serviceable as can be used in current War Department programs, including military assistance programs already approved or likely to be approved.
2. Denial to the Soviets of military equipment and supplies which, although not usable for any of our programs, would serve to enhance Soviet military power if the items were retained by the Soviets.
3. Information concerning the present status and distribution of lend-lease supplies furnished to the Soviets.

As to the items desired for recapture, a list is being prepared and will be submitted to you within a few days.² Items recaptured must, of course, be limited to those in serviceable condition, and arrangements should include provision that the Soviet Government will return the items to the physical custody of the U.S. at such point as the latter may designate. The War Department recognizes the political difficulties that may be involved in recapture of items, particularly if their desired disposition would involve delivery to, say, Greece, Turkey or some other country in connection with military assistance programs.

As to items which may still be serviceable, which are not desired for recapture and whose continued possession by the Soviets enhance their military power, there are practical difficulties. The War Department does not have funds or facilities to handle any equipment over and above that which it is contemplated to deal with under the preceding paragraph. From the military point of view, it would be desirable to destroy the equipment. This course of action, however, appears beyond the realm of consideration. Hence, unless the State Department can, from consideration of the political factors involved, determine some course of action which would achieve the desired objective, it appears that such items will have to be left with Soviet Russia. However, the War Department sees no military reason for

¹ See p. 678.

² Not printed.

continuing to reserve the right of recapture for such items, since, from the practical standpoint, there appears no chance at a later date of exercising such right. Accordingly, if the State Department desires to waive all rights of recapture on the balance of lend-lease items above and beyond those actually recaptured, the War Department will offer no objection.

As to military interest and information concerning the status of disposition of lend-lease items transferred to the U.S.S.R. by the War Department, all information on this subject will be of assistance in connection with preparation of military estimates concerning the U.S.S.R. Here again, however, it appears unlikely that the Soviets will prove sincerely cooperative. The War Department prepared and furnished the State Department some time ago an estimate of the then-current condition of lend-lease items transferred to the Soviets by the War Department, based on U.S. experience in deterioration of these items. The list of estimates will be brought up to date for use of the State Department in connection with the forthcoming negotiations.

Finally, it is the opinion of the War Department that, consistent with our current policy and estimates, public reaction will demand that maximum effort be made to obtain the return of all military equipment either for use in implementing our own programs or to deny such use to the Russians. This will be particularly true if we fail to obtain tangible returns, either financial, political or otherwise, for items not recaptured.

Sincerely yours,

ROBERT P. PATTERSON

861.24/5-847

The Secretary of the Navy (Forrestal) to the Secretary of State

SECRET

WASHINGTON, 8 May 1947.

MY DEAR MR. SECRETARY: Consideration has been given within the Department to your letter received April 30, 1947,¹ in which you solicit my views on the Lend-Lease settlement to be negotiated between this Government and the Government of the Union of Soviet Socialist Republics with respect to articles transferred by the Navy Department to the Soviet Government and with respect to Military articles in general. Paralleling previous settlements with major powers, the Navy Department believes that the policy of the United States to permit retention of Lend-Lease military or naval articles subject to the right of recapture should be adhered to in the settlement with the

¹ See p. 678.

Union of Soviet Socialist Republics. The Navy has no objection to items of a naval or military character subject to recapture being taken to mean "arms, ammunition, and implements of war" as enumerated in Presidential Proclamation 2717 of February 14, 1947.

Exclusive of ships, boats, barges and floating drydocks of the Navy transferred to Russia under Lend-Lease, the Navy Department does not presently desire to have the right of recapture exercised except for 260-40 mm anti-aircraft gun assemblies (single) as requested in my letter to you Serial No. 2039P411 dated 9 December 1946. (Annex A) ²

With respect to ships, boats, barges and floating drydocks of the Navy, signed custody receipts are held in the Navy Department for 585 craft as listed in Annex (B) ² hereto. Reports received in the Navy Department indicate that of the above craft three (3) Motor Torpedo Boats Nos. 85, 87 and 197 have been lost. Of the craft listed in Annex (B), not reported destroyed or lost, the Navy Department desires that the following types and numbers be recaptured and returned to the custody of the United States upon the conclusion of the Lend-Lease settlement agreement:

<i>Type</i>	<i>Number of Vessels</i>
(a) Ice Breakers (CR)	3—Returned to a port in the Continental United States, to be designated by the Navy Department.
(b) Large Mine Sweepers (AM)	34
(c) Landing Craft, Infantry (LCIL)	30
(d) Frigates (PF)	28
(e) Torpedo Boats (PT & BPT)	202
(f) Submarine Chasers (SC, PTC, & RPC)	140
(g) Motor Mine Sweepers (YMS)	43

The above listed vessels, (b) through (g), either to a port in the Continental United States or a near port to be designated by the United States. For craft located in the Far East and Maritime provinces of the Union of Soviet Socialist Republics, the port of return should be in Japan as specified by the United States. Under no circumstances should we agree to vessels being delivered to or touching in the Aleutians.

The following ships, boats, barges and floating drydocks of the Navy transferred under Lend-Lease to the Union of Soviet Socialist Republics should be recaptured in compliance with Public Law #1 of the 78th Congress and offered for disposal to the Union of Soviet

² Not printed.

Socialist Republics under the terms of the Surplus Property Act of 1944. Should the Soviet Government not desire to conclude the purchase of these vessels under the Surplus Property Act, they should be recaptured and returned to ports as designated for vessels in (b) through (g) above:

<i>Type</i>	<i>Number of Vessels</i>
(a) Shallow Water Craft River Tugs (AG)	15
(b) Landing Craft Tanks (LCT)	17
(c) Floating Workshops (YR)	4
(d) Landing Craft, Mechanized (LCM'S 3)	54
(e) Motor Launch (ML)	1
(f) Plane Personnel Boat	1
(g) Landing Craft Support (LCS(S))	2
(h) Landing Craft Veh. & Pers. (LCVP)	2
(i) Pontoon Barges (250 tons)	6

As a first step in accomplishing the above recommendations, the Navy Department considers that the Union of Soviet Socialist Republics should be requested to inform the United States as to the present status of all 40 mm guns and location and condition of United States Naval craft, which step I have been given to understand has already been initiated by your Lend-Lease Settlement Committee.

Sincerely yours,

JAMES FORRESTAL

861.24/5-1347

*Memorandum Concerning Estimated Inventory of Lend-Lease Articles in the Possession of the Soviet Union After the Termination of Hostilities Against Japan*¹

CONFIDENTIAL

From time to time since the late summer of 1945 the United States has asked the U.S.S.R. for an inventory of lend-lease supplies remaining in the possession of the U.S.S.R. The purpose of these requests was to ascertain what materials of lend-lease origin the U.S.S.R. held at the end of the war, particularly since a large part of such materials could be used for the general benefit of the Soviet post-war economy and since lend-lease aid was intended only as a measure of war assistance. As the United States did not propose to make any charge for materials consumed in the common war effort, it was considered important that an inventory be taken at the war's end.

The U.S.S.R. delegates have stated that no such inventory has been prepared by their side. In order to progress toward a settlement,

¹ This memorandum was handed to the Soviet Union Delegation at the meeting of the Combined Working Groups on May 13.

the U.S. side has undertaken to submit estimates of inventories of certain categories of materials of lend-lease origin considered by it as in the possession of the U.S.S.R. at the termination of hostilities or received thereafter. The general principles which governed the determination of such estimates and the results of these estimates are set forth below.

I. PRINCIPLES

1. The inventory estimates referred to in this paper exclude :

- (a) Articles which the U.S. considers to have been lost, destroyed or consumed during the war and prior to September 2, 1945;
- (b) Vessels in Lists 1, 2 and 3² handed to the Soviet Delegation on May 7, which vessels will be dealt with separately;
- (c) Items of a type appearing in List 4³ handed to the Soviet Delegation on May 7, which items will be dealt with separately;
- (d) Articles transferred under the cash payment terms of Mr. Crowley's⁴ letter to General Rudenko of May 30, 1945;⁵ and
- (e) Articles transferred under the terms of the agreement of October 15, 1945.

2. The inventory estimates are based upon U.S. records of articles arrived in the U.S.S.R. Flight-delivered aircraft and cargo delivered by air are considered as arrived in the U.S.S.R. upon delivery to Soviet control. For the purposes of these estimates, arrivals in the Persian Gulf are considered as arrivals in the U.S.S.R.; however, allowances have been made to take into account the time consumed in delivery from the Persian Gulf to Soviet territory.

3. The estimated values shown in the inventory are the sums of appropriate proportions of the costs to the U.S. of the individual articles in each category, including charges for inland transportation. An over-all charge has been added for ocean freight on U.S. operated vessels.

4. All articles which were enroute from the United States to the U.S.S.R. on September 2, 1945 and which were shipped from the United States during the lend-lease termination period, September 2, to September 20, 1945, are valued at full cost.

² None printed. List 1 was concerned with merchant vessels transferred to the Government of the USSR under the Lend-Lease Act; List 2 was a list of lend-lease craft transferred by the United States Government to the Government of the Union of Soviet Socialist Republics, through 30 April 1947 for which receipts are on file in the U.S. Navy Department; and List 3 comprised military water-craft transferred under lend-lease.

³ Not printed. List 4 dealt with categories of items as to which the U.S. side wishes to know: (a) Quantities held on V-J Day and (b) Quantities presently held.

⁴ Leo T. Crowley, Administrator, Foreign Economic Administration.

⁵ *Foreign Relations*, 1945, vol. v, p. 1009.

5. For the purposes of the estimates articles have been divided into consumable goods and durable goods. Consumable goods include articles which are consumable without alteration, e.g., food; articles which are changed in the manufacturing process, e.g., metal, chemicals, etc.; and articles which by their nature are widely distributed and thereby no longer identifiable, e.g., footwear, wearing apparel, small hand tools, etc.

6. In the great majority of instances only those consumable articles which arrived in the U.S.S.R. after June 1, 1945 have been included in the estimated inventory. In a very few instances articles have been included which arrived prior to that date and then only those articles which arrived after March 1, 1945. These are considered to be conservative estimates. It may well be that much larger amounts of consumable goods were in the U.S.S.R. inventories on September 2, 1945. Such consumable items as have been included were valued at full cost.

7. Durable goods have been subdivided into two groups: (a) those which were intended for use in the Soviet theater of operations and (b) those intended for use in the areas untouched by combat damage. Liberal combat loss allowances have been made for articles used in the theater of operations beginning at the estimated times of arrivals in the combat areas. Examples of items in category (a) are: trucks, railway equipment, and certain types of construction equipment. Durable goods intended for use in the supporting economy of the U.S.S.R. have been depreciated in accordance with rates applicable to wartime industrial use. Depreciation has been applied beginning at the estimated time of arrival at place of use. Industrial projects not installed and not in operation on September 2, 1945, have been counted at full cost. Examples of items in category (b) are: machine tools, industrial plants and most other machinery and equipment. In both cases factors have been included to allow for losses in transit in the U.S.S.R.

II. ESTIMATED INVENTORY

The total value of lend-lease aid provided by the United States under the Master Agreement of June 11, 1942 amounted to \$11,100,000,000. Of this amount, aid totalling roughly \$7,500,000,000 is attributable to articles in the categories included in this inventory which excludes ships in Lists 1, 2 and 3, and combat items in List 4. These lists were handed to Soviet representatives on May 7, 1947. This inventory, depreciated to September 2, 1945, is estimated at approximately \$2,607,000,000 as compared with the \$7,500,000,000 of aid mentioned above. The total of \$2,607,000,000 is the sum of Class I consumable articles estimated at \$357,000,000 and Class II durable articles estimated at \$1,960,000,000 plus \$290,000,000 for ocean freight. These amounts are distributed as set forth below.

CLASS I ARTICLES (CONSUMABLES)

Airplane landing mats	\$ 5,386,000
Parts & equipment for vehicles	34,093,000
Explosives	4,194,000
Radio & radar parts, etc.	5,632,000
Parts for R.R. transportation equipment	8,000
Medical supplies	9,942,000
Miscellaneous military items	124,000
Ship equipment, marine engines, etc.	17,303,000
Food	143,986,000
Misc. equipment & parts for machinery	6,731,000
Metals	53,313,000
Petroleum products	18,040,000
Chemicals	9,179,000
Other	49,142,000
Total, before adjustment for ocean freight	\$357,073,000

CLASS II ARTICLES (DURABLES)

Transport planes & flying boats	\$ 154,079,000
Non-combat vehicles	559,543,000
Radio stations, receivers, locators, beacons	75,012,000
Road & airport construction equipment	8,337,000
R.R. locomotives & cars	207,975,000
Cableway bridges, portable pipelines, portable storage tanks, pontoon bridges, tents, truck assembly sets	8,338,000
Outboard motors	142,000
Salvage stations & diving gear, jetting apparatus, submarine rescue cham- bers, distilling apparatus & collaps- ible piers	977,000
Machinery & equipment	945,790,000
Total, before adjustment for ocean freight	\$1,960,193,000

RECAPITULATION

(With adjustment for ocean freight)

Class I Articles (Consumables)	\$ 357,073,000
Class II Articles (Durables)	1,960,193,000
	\$2,317,266,000
Adjustment for ocean freight $\frac{1}{2}$ of 25%*	289,658,000
Total Inventory Estimate	\$2,606,924,000

*Experience has indicated that 25% of the cost of articles f.a.s. is a reasonable adjustment for ocean freight charges. Since the United States proposes no charges for ocean freight on Soviet operated vessels which carried $\frac{1}{2}$ of the lend-lease cargo transported to the U.S.S.R., this adjustment has been reduced by $\frac{1}{2}$. [Footnote in the original.]

The above tables do not include certain categories of aviation equipment such as aircraft engine and flight instruments, link trainers, aviation repair shops, aircraft and airway lighting equipment and aerial photographic equipment.

861.24/6-347

*Memorandum by the Secretary of State to the Secretary of the Navy
(Forrestal)*

SECRET

[WASHINGTON,] June 4, 1947.

DEAR FORRESTAL: I am leaving for Boston this morning but before departure wish to take up with you the naval side of the lend-lease settlement with the U.S.S.R.

The Navy Department insists that the Soviets be called upon to return *all* serviceable naval vessels of seven classes. Authority will be given to the United States negotiators to curtail these demands if necessary.

General Hildring¹ and I think that this procedure is not advisable for several reasons:

This Government has declared as surplus and sold vessels of some of the types lend-leased to the Soviets, for example, mine sweepers have been sold to Greece and Turkey.

To ask for the return of all "serviceable vessels" will certainly result in a Soviet reply that all or nearly all vessels remaining are unserviceable.

The result of the Navy Department proposal will have an unnecessarily adverse political effect upon our relations with the Soviet Union without compensating results.

We think the negotiators should be given authority to offer for sale to the Soviets all motor mine sweepers and all large mine sweepers.

We think the Navy Department should designate a specific number of vessels to be returned of the remaining five classes. This number might be determined by applying United States attrition rates to totals lend-leased.

As to ice breakers we agree that the return of all should be demanded.

As to our position with Congress in this matter, I think that we should balance our stand against the probability of any productive result, and I am of the opinion that the present Navy Department proposal on the one hand will get back little or nothing for us and on the other hand will add to the existing hard feelings and the con-

¹ Maj. Gen. John H. Hildring, Assistant Secretary of State for Occupied Areas.

sequent complications in the negotiations ahead. The other procedure, I believe, may produce some modest results. I am prepared to accept the responsibility before Congress for the action indicated.

G. C. MARSHALL

861.24/6-1047

*Supplementary Memorandum Concerning Estimated Inventory of Lend-Lease Articles in the Possession of the Soviet Union After the Termination of Hostilities Against Japan*¹

CONFIDENTIAL

[WASHINGTON,] June 10, 1947.

At a meeting held on June 3, 1947 Mr. Soldatov of the Soviet Delegation requested certain information concerning the factors used in determining the estimated inventory handed to the Soviet Delegation on May 13, 1947. With respect to Class II Articles (Durables) Mr. Soldatov requested information as to the time intervals allowed between arrival at ports and initial use in the U.S.S.R., the factors applied for loss in the U.S.S.R., and the depreciation rates applied to each category of articles beginning at the time of initial use. Mr. Soldatov also asked for a list of articles included in the inventory of Class II Articles at full cost.

The attached table² lists the categories of articles included in each of the groupings in the Class II Articles inventory. Opposite each category is set forth the estimated time interval between arrival at ports and initial use in the U.S.S.R., the factor allowed for the loss in the U.S.S.R., and the depreciation rate allowed beginning at the time of initial use. Articles included in the inventory at full cost may be determined by application of the data in the tables to the articles arrived in the U.S.S.R.

¹ Handed by Mr. Labouisse to Mr. Arutyunyan at the 6th meeting of the Combined Working Group on June 11.

² Not printed.

861.24/6-1047

*Memorandum by the Soviet Delegation Concerning Inventory of Lend-Lease Articles Undistributed as of September 2, 1945*¹

CONFIDENTIAL

[WASHINGTON,] June 10, 1947.

The inventory attached hereto² comprises actual data available to the appropriate Soviet authorities concerning all articles, military as well as civil, received by the USSR under lend-lease and undistributed

¹ Handed by Mr. Arutyunyan to Mr. Labouisse at the 6th meeting of the Combined Working Group on June 11.

² Not printed.

among consumers as of September 2, 1945. The classification of articles in the inventory corresponds to that of the Fourth Protocol.³ The inventory comprises supplies that were en route on September 2, 1945 and those shipped from the USA between September 2 and September 20, 1945, as well as the balances of supplies in Soviet ports and in bases as of September 2, 1945.

The inventory thus reflects the actual status of lend-lease supplies undistributed among consumers on V-J Day.⁴

These data substantially differ from American data in the Memorandum of May 13, 1947, covering the corresponding categories of supplies, which data were computed *a priori*, solely on the basis of abstract statistical calculations. Such purely statistical calculations naturally could not have taken into consideration a number of circumstances, and consequently they do not reflect the actual status of the undistributed lend-lease balance.

It should be noted, in particular, that the method of computation of balances of goods applied in this Memorandum with regard to consumables, could not have led to correct results for the following reason. The estimate of the balances in the American Memorandum of May 13, 1947, includes all articles in the said category which arrived in the USSR after June 1, 1945, and in some cases even after March 1, 1945 [1946?], while actually lend-lease supplies which arrived in Soviet ports, because of an acute shortage of various commodities which the USSR experienced during the last months of the war, were immediately turned over to the consumers—the appropriate military formations and rear organizations—and consequently should not be included in the balances of articles remaining in the USSR as of September 2, 1945.

³ The Fourth (Ottawa) Protocol, covering the period from July 1, 1944 to June 30, 1945, was signed on April 17, 1945, by the United States, the United Kingdom, Canada, and the Soviet Union. The text is in Department of State, *Soviet Supply Protocols*, pp. 89–156. The announcement of the signature made in Ottawa on April 20, 1945, is printed in Department of State *Bulletin*, April 22, 1945, p. 723.

⁴ In the course of the day's session, when Mr. Labouisse made efforts to clarify the exact nature of the information used in preparation of the Soviet inventory, the United States minutes recorded these remarks: "Mr. Arutiunian replied that the Soviet Memorandum on Inventory just presented was the only statement of inventory the Soviet side would be able to present to the U. S. side. . . . He said that the Soviet Government did not expect to have to return any of the lend-lease equipment to the U. S. and had not kept its records as if that would be the case. He stated further that there was no obligation in the Lend-Lease Agreement to return lend-lease articles. Mr. Labouisse called his attention to Article V of the Soviet Master Agreement which provides specifically for the return of articles which the President deems useful to the U. S. The U. S. representatives also pointed out that the transfer receipts which the Navy Department held in respect of each naval vessel stated specifically that Public Law No. 1 of the 78th Congress governed the terms of transfer. That law requires the return of all naval vessels so transferred at the end of the war. Mr. Arutiunian did not dispute this and apparently felt that he had made a misstatement."

The fact that after the capitulation of Germany almost all lend-lease supplies from the USA were routed to the Far Eastern USSR ports, as they were destined to provide for the needs of Soviet armed forces in the Far East and of their immediate rear, contributed to the quick transfer of supplies to consumers.

As regards lend-lease shipments for the USSR to the Persian Gulf ports, to which reference is made in the Memorandum, it is well known that these were discontinued as far back as February, 1945, and thereafter supplies were shipped to the Black Sea ports.

In connection with these circumstances a substantial part of the supplies in Class I, considered in the American Memorandum as remaining in the USSR on September 2, 1945, actually was already consumed or in the disposition of final consumers at the war's end.

861.24/6-1147

The Secretary of the Navy (Forrestal) to the Secretary of State

SECRET

WASHINGTON, 11 June 1947.

MY DEAR MR. SECRETARY: In my letter of 8 May with regard to return by Russia of lend-lease vessels, I listed therein the types and number of vessels which should be returned to the United States Government. Subsequent to this letter, the State-War-Navy Coordinating Subcommittee reexamined the list of vessels to be recaptured, but the members of the Committee were unable to reach a unanimous agreement. The Navy Member took the position that "for military and security reasons, vessels originally listed for recapture and return to the custody of the United States should be returned if in a serviceable condition. However, if in the course of negotiation for settlement of the lend-lease agreement with the Union of Soviet Socialist Republics, it appears necessary to curtail the list the Navy Department suggests that curtailment be made in the following order of priority:

- a. Landing Craft, Infantry, (LCIL)
- b. Motor Mine Sweepers (YMS)
- c. Submarine Chasers (SC, PTC, & RPC)
- d. Large Mine Sweepers (AM)
- e. Torpedo Boats (PT & BPT)
- f. Frigates (PF)
- g. Ice Breakers (CR)

No curtailment should be made in items *f* and *g*."

In your letter of June 4 I note that in your opinion "the present Navy Department proposal on the one hand will get back little or nothing for us and on the other hand will add to the existing hard feelings and the consequent complications in the negotiations ahead."

As you know I have felt that the United States should not be a contributor to the maintenance of the U.S.S.R. war potential. Notwithstanding this, I am prepared to admit that minor contributions may be outweighed by political advantages, and, in deference to your opinion and at your request, I submit a suggested curtailed list of vessels to be returned as follows:

<i>Type</i>	<i>Number of Vessels to be Returned</i>
Ice Breakers (CR)	3
Frigates (PF)	28 (or all serviceable ones)*
Landing Craft, Infantry (LCIL)	15
Torpedo Boats (BT & BPT)	101
Submarine Chasers (SC, PTC & RPC)	70

It is understood that naval vessels in excess of the foregoing will be offered for sale to Russia.¹

Sincerely yours,

FORRESTAL

* Frigates, which are substantially the same as destroyer escorts, are combatant ships and their sale or transfer is not permitted by current statute. [Footnote in the source text.]

¹ In his reply of June 18, Secretary of State Marshall wrote:

"I am glad to have your agreement with my view that the rigid demand for the return of all the vessels you originally listed would not compensate for the adverse political effect that would undoubtedly arise, and that releasing to the Soviets the limited number of vessels you list would be only a minor contribution to the negotiations ahead.

"I think we are in consonance in our common purpose of avoiding significant contributions to the war potential of any nation whose activities appear to frustrate world peace." (861.24/6-1147)

861.24/6-2447

The Secretary of State to the Ambassador of the Soviet Union
(Novikov)

WASHINGTON, June 24, 1947.

EXCELLENCY: I have the honor to refer to the "Agreement between the Governments of the U.S. and the U.S.S.R. on the Disposition of Lend-Lease Supplies in Inventory or Procurement in the United States" executed on October 15, 1945. This Agreement states in the final paragraph of Schedule II:

"Interest on the unpaid balance of the total amount determined as set forth above in paragraphs C and D shall be paid by the Government of the Union of Soviet Socialist Republics at a fixed rate of 2 $\frac{3}{8}$ percent per annum accruing from July 1, 1946. Interest shall be payable annually, the first payment to be made July 1, 1947."

A portion of paragraph C of the Agreement reads as follows:

"The amount which the Government of the U.S.S.R. shall pay the Government of the U.S., for articles transferred under the provisions of Article II of this agreement, shall be the sum of the following items set forth in subparagraphs 1 and 2:

1. The fair value of the articles.
2. The costs incurred subsequent to transfer for storage, inland transportation, inland accessorial charges, and port accessorial charges"

The Government of the United States through the Treasury Department has up to the present time formally submitted to the Government of the Union of Soviet Socialist Republics monthly statements of transfers under paragraphs C and D of the Agreement totaling \$196,191,601.75. In addition, transfers totaling approximately \$37,000,000 have been accomplished but have not yet been included in statements to your Government. The amounts of these additional transfers, as they are audited and verified, will be included in future monthly statements submitted by the Treasury Department.

The Government of the United States will expect to receive from the Government of the Union of Soviet Socialist Republics on or before July 1, 1947, payment of interest in the amount of \$4,659,550.54 which represents interest on the preliminary total amount of \$196,191,601.75. Payment of interest due July 1, 1947 on additional amounts will be expected as monthly statements are submitted to your Government.

Your checks made payable to the "Treasurer of the United States" should be sent to:

Lend-Lease Fiscal Division,
United States Treasury Department,
Washington, D.C.

Accept [etc.]

For the Secretary of State:
WILLARD L. THORP

861.24/6-2547

Outline of Main Points of Settlement Proposed by the United States
*Side*¹

CONFIDENTIAL

[WASHINGTON,] June 25, 1947.

The U.S. side has during the course of the settlement discussions to date stated to the Soviet representatives the main points which it re-

¹ This document was handed to the Delegation of the Soviet Union at the 7th meeting of the Combined Working Group on June 25. The 11 main points of settlement as here proposed to the Soviet representatives were sent without comments in telegram 1457 to Moscow on July 14, 8 p. m. (861.24/7-1447).

gards as necessary to be covered by the settlement agreement. The purpose of this outline is to summarize these points in a single paper, and to add to the previous statements where it is possible at this time to do so. As both sides have understood from the outset, the reaching of agreement upon any one issue is tentative and subject to the conclusion of a satisfactory comprehensive settlement. As soon as general agreement upon the essentials of the settlement has been achieved, a draft of a settlement agreement will be presented by the U.S. side. This outline is of a summary nature and it is not intended that it shall be followed verbatim in the settlement agreement.

The following are the main points of the settlement now proposed by the U.S. side:

1. The settlement shall be complete and final as to the obligations of either Government to the other under the Master Lend-Lease Agreement of June 11, 1942.

It has been understood that the negotiations would deal only with matters under the Master Lend-Lease Agreement. It is considered desirable that the settlement agreement be final and complete on that score.

2. No payment will be asked for lend-lease articles lost, destroyed, or consumed in the common war effort.

To the extent that lend-lease articles furnished to the U.S.S.R. by the U.S. were used up, lost or destroyed in the course of the war, the U.S. wishes to consider such articles as a contribution to the common cause. Therefore, the U.S. does not propose to make any charge against the U.S.S.R. for the major part of the more than \$11,000,000,000 of aid extended to the U.S.S.R.

The U.S. side assumes that to the extent they were used up, lost or destroyed in the course of the war, the U.S.S.R. does not propose to make any charge against the U.S. for articles transferred to the U.S. by the U.S.S.R. as reciprocal aid.

3. U.S. Navy and War Department vessels transferred to the U.S.S.R. on lend-lease shall be returned to the U.S. at ports to be designated by the U.S., except for certain vessels in certain categories which the U.S. will agree to sell (after their constructive return) if a satisfactory Soviet offer is received.

On May 7, 1947 the U.S. side presented to the U.S.S.R. side lists (designated as Lists Nos. 2 and 3) of Navy Department and War Department vessels which had been transferred to the U.S.S.R. under lend-lease. So that orderly arrangements could be made for the return of these vessels, the U.S. side requested the U.S.S.R. to provide information as to the number and general location of vessels in each

category listed which remained in the possession or control of the Government of the U.S.S.R. on September 2, 1945. The U.S.S.R. side has not as yet provided such information. The U.S. side requests that all of these vessels be returned to the United States in accordance with the terms of the Agreement of June 11, 1942. However, if the Soviet Government desires to purchase some of these vessels, the United States will consider offers for the purchase of a certain number of the vessels other than ice-breakers and frigates. The return of such of these vessels as may be agreed upon for sale need only be of a constructive nature so that they will not have to be returned physically to United States ports.

4. The two hundred and sixty (260) 40 mm anti-aircraft gun assemblies (single) transferred by the U.S. Navy Department under the Agreement of June 11, 1942 shall be returned by the U.S.S.R. to delivery points to be designated by the U.S. Government.

The return of these guns is requested in accordance with the terms of the Agreement of June 11, 1942.

5. The lend-lease articles of combat types set forth on List 4 and now held by the U.S.S.R. may be retained by the U.S.S.R. without payment therefor to the U.S., but the U.S. shall continue to have the right to call upon the U.S.S.R. to return all or part of such articles and the U.S.S.R. shall agree to return such of said articles held by it as and when it shall be requested to do so; the U.S.S.R. shall make no retransfers of such articles held by it without the prior consent of the U.S. Government.

On May 7, 1947 the U.S. side requested the U.S.S.R. representatives to provide information concerning a list of lend-lease articles (designated as List 4). The U.S.S.R. side was requested to state the quantities of such lend-lease articles held on September 2, 1945, and the quantities now held. The United States does not intend to exercise generally its right under the Agreement of June 11, 1942 to require the return to the United States of such of the items in List 4 as are now held by the U.S.S.R., nor does the United States propose to charge the U.S.S.R. for the List 4 items retained by the U.S.S.R. However, the United States will expect the Soviet Government to agree in the settlement agreement to return any articles of these types whenever requested by the United States. The United States will also expect the Soviet Government to agree not to retransfer to other governments or their nationals any List 4 items without the prior consent of the United States.

6. With the exceptions indicated below, the merchant vessels held by the U.S.S.R. on September 2, 1945 shall either be returned to the U.S. or the U.S.S.R. shall make payment therefor on terms to be agreed.

With the exception of the steamers *White Clover*, *Charles Gordon Curtis* and *John Langdon*, the Liberty tankers and the T-2 tankers, the U.S. is prepared to transfer to the U.S.S.R. title to the merchant vessels held by it on September 2, 1945. The U.S. requests the return to ports to be designated by it of the steamer *White Clover*² and the three Liberty tankers and four T-2 tankers held by the U.S.S.R. The steamers *Charles Gordon Curtis* and *John Langdon* are considered to be outside the purview of these lend-lease negotiations.³

The U.S. side will submit separately to the Soviet representatives a list of prices covering the vessels offered for sale. The U.S. will request cash for the pre-war built vessels and the terms of sale of the war-built vessels shall be similar to those provided for in the Ship Sales Act of 1946.

7. With the exceptions indicated below the U.S. will transfer to the U.S.S.R. title to lend-lease articles under U.S.S.R. control on September 2, 1945 or subsequently received by it in consideration for the payment by the U.S.S.R. to the U.S. of the agreed fair depreciated value of such articles.

On May 13, 1947 the U.S. side handed to the Soviet representatives a memorandum concerning estimated inventory of lend-lease articles in possession of the U.S.S.R. at the termination of hostilities against Japan. The memorandum also set forth the principles which governed the determination of the estimates. The exceptions referred to in the heading to point 7 and stated in the memorandum of May 13 are:

- (a) Articles which the U.S. considers to have been lost, destroyed or consumed during the war and prior to September 2, 1945 (being the articles referred to under point 2 above);
- (b) Vessels in Lists 1, 2 and 3 handed to the Soviet Delegation on May 7 (being vessels referred to under points 3 and 6 above);
- (c) Items of a type appearing in List 4 handed to the Soviet Delegation on May 7 (being the articles referred to under points 4 and 5 above);

² The *White Clover* (renamed the *Lev Tolstoy*) was a pre-war built dry cargo vessel which had been requisitioned from the Italian merchant fleet and had been transferred to the Soviet Union on April 30, 1945. It could not be sold because the United States Government was committed to return it to Italy. In subsequent negotiations the Soviet Union agreed to return the ship to the United States at the port of Yokohama, and it was received early in 1948, although not in good condition.

³ The *Charles Gordon Curtis* (renamed the *Sergey Kirov*) and the *John Langdon* (renamed the *Tbilisi*) were war-built, Liberty dry cargo ships which were transferred to the Soviet Union on April 25 and April 5, 1944, respectively. These two vessels were not lend-leased, but had been transferred in connection with an understanding relating to the distribution and employment of certain categories of the Italian fleet and certain tonnage of the Italian merchant marine.

- (d) Articles transferred under the cash payment terms of Mr. Crowley's letter to General Rudenko of May 30, 1945; and
- (e) Articles transferred under the terms of the agreement of October 15, 1945.

Subsequent to May 13, the U.S. side has explained in detail to the Soviet representatives various factors which were taken into consideration in the preparation of the estimates and on June 12 [11], 1947, the U.S. side delivered to the Soviet representatives a supplemental memorandum giving further details.⁴

On June 12 [11], 1947 the Soviet side handed to the U.S. representatives a memorandum setting forth a Soviet statement concerning lend-lease articles undistributed as of September 2, 1945,⁵ and the Soviet representatives explained that the Soviet statement was not intended to include lend-lease articles in the Soviet Union if they had been transferred to the using agency. Thus, the statement prepared by the Soviet Delegation covers only a small portion of the total lend-lease articles held in the Soviet Union on September 2, 1945 for which the U.S. requests payment.

It is assumed that the U.S.S.R. will transfer to the U.S. for a consideration to be agreed upon title to any articles transferred by the U.S.S.R. to the U.S. as reciprocal aid and remaining under U.S. control on September 2, 1945.

8. The provisions of Article IV of the Agreement of June 11, 1942 will continue in effect and the U.S.S.R. will take necessary action to fulfill such provisions concerning patent rights, including either the making of satisfactory arrangements with the owners of patents on oil refinery processes or the making of a lump-sum payment to the U.S. to cover the patent owners' interest.

The U.S. will expect the U.S.S.R. to make satisfactory arrangements with all U.S. firms concerning licenses for the continuing use of processes connected with the oil refineries transferred under the agreement of June 11, 1942. To the extent that such arrangements cannot be made prior to the signing of the settlement agreement, the U.S. will expect the U.S.S.R. to make payment to the U.S. at that time in amounts sufficient to discharge any such unsatisfied obligations. Any portion of the amount paid by the U.S.S.R. for this purpose which shall not be required to fully satisfy the obligations to the patent holders as finally determined will be returned to the U.S.S.R. The U.S. will expect the U.S.S.R. to agree to continue in effect after the settlement the provisions of Article IV of the Agree-

⁴ See the Supplementary Memorandum Concerning Estimated Inventory dated June 10, and footnote 1, p. 692.

⁵ See the Memorandum by the Soviet Delegation Concerning Inventory dated June 10, and footnote 1, p. 692.

ment of June 11, 1942 to provide for such claims of patent holders as may not have been presented at that time.

9. The U.S.S.R. will pay to the U.S. a sum to be agreed upon in settlement of certain specific claims arising from and related to lend-lease presented to the U.S.S.R. representatives during the negotiations.

The U.S. side has presented to the U.S.S.R. two claims for which it will expect payment in the settlement:

(1) Ocean freight charges on materials shipped from the U.S.S.R. to the U.S. on U.S. operated vessels for delivery to the Defense Supplies Corporation under contract dated September 12, 1942 between Defense Supplies Corporation and Amtorg Trading Corporation. This contract called for delivery by the U.S.S.R. f.o.b. U.S. ports. The aggregate amount of the charges is \$6,915,465. For convenience at the time, the charges for such shipments were paid by the U.S. from lend-lease funds.

(2) The U.S. side has requested a statement from the U.S.S.R. side of the proceeds received by the U.S.S.R. and the premiums paid by the U.S.S.R. in connection with insurance of lend-lease cargoes in 1941 and 1942. The U.S.S.R. has already made payment to the U.S. of \$7,000,000. on this account. The U.S. will expect to receive in the settlement any proceeds over and above premiums paid which are in excess of the \$7,000,000. already paid.

The U.S. reserves the right to present to the U.S.S.R. before the conclusion of a final settlement any other claims arising from lend-lease which may appear proper for inclusion specifically in the settlement. It is proposed that all claims arising out of lend-lease transactions or under the agreement of June 11, 1942, not specifically provided for in the settlement will be waived by the two Governments in the settlement agreement.

10. Suitable agreement shall be reached on matters covered by Article VII of the Agreement of June 11, 1942 and such agreement shall be incorporated in the settlement agreement now to be concluded.

11. Provision will be made in the settlement agreement granting to the U.S. the right to obtain from the U.S.S.R.: (a) local currency within stated limits for use by the U.S. Government in meeting its expenditures in the U.S.S.R. and (b) the long-term use of properties to be agreed upon for official and other agreed activities of the U.S. Government in the U.S.S.R., the value of such local currency and properties to be credited against the total dollar obligation of the U.S.S.R. under the settlement agreement.⁶

⁶ In a memorandum dated June 2, requesting the views of the Legal Division, Mr. Labouisse had written: "It has been the intention of the Department to embody in the contemplated Lend-Lease settlement with the USSR a provision whereby the Soviet Government would construct a new embassy, and a student hostel in Moscow for the housing of United States citizen students. The cost of the construction of these buildings would be credited to the Soviet Union at a rate of exchange to be provided for in the settlement." (861.24/6-247)

It is felt that this arrangement provides a valuable means for the U.S.S.R. to discharge its obligation to the U.S. to the extent of such expenditures without the necessity of acquiring dollar exchange, and at the same time provides for the local currency and housing needs of the U.S.

861.24/7-447

The Ambassador of the Soviet Union (Novikov) to the Assistant Secretary of State for Economic Affairs (Thorp)

[Translation]

CONFIDENTIAL
No. 118

WASHINGTON, July 4, 1947.

SIR: In connection with your note of June 24 of this year concerning payment of the first interest installment in accordance with the Agreement of October 15, 1945, I have the honor to communicate that the Government of the U.S.S.R. has given instructions to make the first interest payment to the Government of the U.S.A. for the equipment and materials delivered according to the above-mentioned Agreement. However, in the equipment delivered there should not be considered those items of delivery which are yet to be completed for the proper fulfillment of their industrial purpose and which have proved to be incomplete as a result of the suspension of shipments on January 10, 1947 by a unilateral decision of the American party, which was a violation of the Soviet-American Agreement of October 15, 1946.

The value of the equipment transferred to the Soviet Union, which cannot henceforth be properly utilized until its completeness is ensured, amounts to more than 20 million dollars. After deducting the latter amount from the total sum represented by the deliveries made in accordance with the Agreement of October 15, specified by the American party as 196.2 million dollars, the first interest payment will be 4,170 thousand dollars.

The Gosbank of the U.S.S.R. is transmitting the above-mentioned sum of 4,170 thousand dollars in the name of the Treasurer of the United States, Lend-Lease Fiscal Division, United States Treasury Department.¹

Simultaneously, the Government of the Union of S.S.R. calls the attention of the Government of the U.S.A. to the fact that, as a result of the aforementioned unilateral decision to suspend the shipping of equipment to the U.S.S.R., the Soviet party is suffering considerable losses because of the impossibility of beginning the operation of a

¹ For public announcement of this payment released to the press on July 9, see Department of State *Bulletin*, July 20, 1947, pp. 148-149.

number of enterprises. These losses are being computed and will be communicated to the Government of the U.S.A.

The Government of the U.S.S.R. considers that the shipping of the detained equipment under the Agreement of October 15, 1945 should begin as soon as possible.

For its part, the Government of the U.S.S.R. will fulfill its obligations in connection with payment of the full amount of interest which is due according to the above-mentioned Agreement.

Accept [etc.]

N. NOVIKOV

861.24/7-847 : Telegram

The Secretary of State to the Embassy in the Soviet Union

SECRET

WASHINGTON, July 14, 1947—8 p. m.

1456. Reurtel 2389 July 8.¹

I. Negotiations to date have been primarily of exploratory nature but real bargaining should begin shortly as result of submission by US side of statement main points of proposed settlement, which are set forth immediately following telegram.² It is understood that reaching of agreement on any one issue will be tentative and subject to conclusion of satisfactory comprehensive settlement.

II. Particular interest evidenced by Sovreps is desire purchase merchant vessels provided suitable terms can be arranged. US side has submitted statement of prices for which prewar and war-built vessels, exclusive of three Liberty and four T-2 tankers, held by Sovs, will be sold. Prices on prewar vessels range from minimum \$117,000 to maximum \$385,000 and on Liberties from minimum floor price, which is \$544,000, to \$595,000. All valuations on basis V-J day. Sovreps have accepted Liberty valuations "as basis for negotiation" but have requested reconsideration valuations prewar vessels. USreps have stated all valuations minimum and not subject negotiation.³ Sovreps pressing for inclusion tankers in sale, but US has so far stated wanted these returned. Tanker situation complicated by legal and policy considerations. Question still under consideration by US side. Even if it ultimately proves possible to offer the tankers for sale, US will not do so

¹ Not printed. Ambassador Smith asked to be informed about the status of the lend-lease settlement negotiations. (861.24/7-847)

² Not printed; but see the Outline of Main Points of Settlement Proposed by the United States Side, June 25, and footnote 1, p. 696.

³ Secretary of State Marshall further informed the Ambassador in telegram 1477 on July 16, 7 p. m., that at a brief meeting with the Soviet representatives on July 14, they had been told that no reduction in prices was felt to be justifiable. "It was pointed out that only principle upon which reduced prices could be based would be valuation as of present instead of V-J day, but that this would entail charges for charter hire running to thirty percent and more of V-J day valuations." (861.24/7-1647)

until Sovs have indicated some willingness to make substantial settlement on other points involved.

III. US side requested information on May 7 as to numbers now held and general locations of some 600-odd craft transferred through Navy and War Depts. These included icebreakers, frigates, subchasers, PTs, LCILs, barges, minesweepers, etc. Sovreps have indicated this information will not be forthcoming. US on June 25 requested return of all these craft but stated would consider sale on basis constructive return of certain of vessels other than icebreakers and frigates. It was emphasized to Sovs that we made no commitment to sell any of these Navy or War Dept vessels and we definitely would not sell certain of them.

IV. Failing submission inventory by Sovreps, US side submitted on May 13 statement estimated inventory articles referred to in para (7) immediately following telegram⁴ showing valuation \$2,600,000,000. Only Sov response has been to submit statement showing valuation of \$261,000,000 on basis original cost of articles both military and civil received by USSR under lend-lease and "undistributed among consumers" on V-J day. "Consumers" includes any transferee after original recipient and therefore excludes such items as refineries, machine tools, etc. US side has indicated to Sovs that this not considered as a counter-proposal to our \$2,600,000,000 estimate and has told Sovreps we would be glad to consider counter-proposal. Expect this soon.

V. Minutes of meetings and copies documents handed Sovreps being sent you.

MARSHALL

⁴ This is the same as point number 7 of the Outline of Main Points of Settlement Proposed by the U.S. Side, June 25, p. 699.

861.24/7-2147

The Secretary of the Navy (Forrestal) to the Secretary of State

CONFIDENTIAL

WASHINGTON, 21 July 1947.

DEAR GENERAL MARSHALL: Your letter of June 20, 1947¹ states that the Soviet Government has requested that the United States transfer title to all merchant vessels, including four T-2 tankers, to the U.S.S.R. under authority of the Lend-Lease Act, provided that mutually satisfactory financial terms may be agreed upon.

It is realized that your letter does not ask for the concurrence of the Navy Department with the proposed sale. Nevertheless, I feel that I should be remiss if I did not bring to the attention of the State Department my views on this matter.

¹ Not printed.

Negotiations are now underway between the Maritime Commission and several foreign governments and the nationals thereof concerning 100 additional T-2 tankers, the sale of which has been recently approved by the Navy Department. Excluded from the list of favored nations are the U.S.S.R. and the countries within its sphere of influence. I have therefore not approved the sale of any of this group of tankers to those excluded nations. To be consistent and in all sincerity I have to advise that my opinion remains the same with respect to the four Lend-Lease tankers now under consideration for sale to the U.S.S.R.

I am sure that you will appreciate that my reasons for this stand are based entirely on the requirements of the nation, its defense, the requirements of friendly nations, and the necessity for world-wide petroleum redistribution.

It is therefore strongly recommended that the four T-2 tankers be excluded from the group of merchant vessels under consideration for sale to the Soviet Government and that their return to this government be required.

Sincerely yours,

FORRESTAL

861.24/8-647 : Telegram

The Secretary of State to the Embassy in the Soviet Union

CONFIDENTIAL

WASHINGTON, August 6, 1947—8 p. m.

1566. Legislation enacted July 30 permitting continuation of Lend-Lease "pipeline" deliveries to all countries except U.S.S.R.¹ Undelivered articles including balance of refineries to be disposed of as surplus. Our note of Jun 24 set amount of interest on Oct. 15, 1945 pipeline agreement expected to be received July 1 as \$4,659,550 based on officially reported transfers of \$196,191,601. Payment received in amount of \$4,170,000. SovAmb's note of July 4, defines suspension of shipments on Jan. 10 1947 as unilateral decision violating agreement of October 15, estimates value of incomplete articles transferred and thus valueless to Sov. at over \$20 millions and thereby explains difference in interest paid. Note adds that SovGov will advise further other damages resulting from suspension.

MARSHALL

¹The Supplemental Appropriation Act, 1948, approved July 30, 1947; 61 Stat. 610, 613.

861.24/9-1047

The Chargé of the Soviet Union (Tsarapkin) to the Secretary of State

[Translation]

[No.] 184

WASHINGTON, September 10, 1947.

SIR: On instructions from my Government I have the honor to communicate the following:

In November 1946, in spite of the terms of the Agreement concluded between our Governments on October 15, 1945, the Government of the U.S.A. made the reservation that deliveries of equipment and materials after December 31, 1946 in accordance with this Agreement be made dependent on cash payments by the Government of the U.S.S.R. amounting to not less than 2.5% of the value of the unfinished deliveries.¹

The Government of the U.S.S.R. agreed to satisfy the said demand of the Government of the U.S.A. and placed \$725,000 at the latter's disposal on December 27 [28], 1946.²

However, on January 10, 1947, the Government of the U.S.A. suspended the deliveries of equipment and materials to the Soviet Union provided for in the Agreement of October 15, 1945.

In spite of repeated requests on the part of the Government Purchasing Commission of the U.S.S.R. made to the competent agencies of the U.S.A., the said deliveries were not resumed, and, in this connection, on June 13, 1947 the Ambassador of the U.S.S.R. made a statement to Mr. Clayton, Under Secretary of State of the U.S.A., with reference to the unwarranted delay in deliveries and requested that the Government of the U.S.A. take the necessary steps for their earliest possible resumption.

By the note of July 5 [4], 1947, which the Ambassador of the U.S.S.R. sent to the Department of State of the U.S.A. in connection with the payment of the first installment of the percentage in accordance with the Agreement of October 15, 1945, the Government of the U.S.S.R. again called the attention of the Government of the U.S.A. to the necessity of expediting the delivery of the withheld equipment according to this Agreement.

However, even after the said representations the question did not meet with a satisfactory solution.

The fact stands out that at the present time deliveries of goods to other countries in accordance with similar Agreements are being made without hinderance, and thus, with respect to the Soviet Union, discrimination is being shown which is absolutely inadmissible and cannot fail to be considered as a gross violation of the Agreement.

¹ *Foreign Relations*, 1946, vol. VI, p. 856.

² *Ibid.*, p. 864.

Insisting upon the fulfillment by the Government of the U.S.A. of its obligations in accordance with the said Agreement, the Government of the U.S.S.R. expects the Government of the U.S.A. to adopt measures for the delivery of the equipment withheld and to notify the Embassy of this fact at the earliest possible moment.

Accept [etc.]

S. TSARAPKIN

861.24/10-647

The Acting Chief of the Division of Lend-Lease and Surplus War Property Affairs (Shenefield) to the Acting Chief of Lend-Lease Fiscal Operations, Treasury Department (Bath)

WASHINGTON, October 9, 1947.

MY DEAR MR. BATH: There is enclosed herewith check 62139 of the Government Purchasing Commission of the Soviet Union in the U.S.A. in the amount of \$720,413.77 in partial payment for the amount due from the Soviet Government for lend-lease supplies delivered in accordance with the cash payment terms of a letter from Mr. Leo T. Crowley to Lieutenant General L. G. Rudenko dated May 30, 1945.¹ Copies of the letter of transmittal dated October 6, 1947 from Mr. I. A. Eremin, Chairman, The Government Purchasing Commission of the Soviet Union in the U.S.A. together with attached statement are also enclosed.²

I would appreciate your making the appropriate credit to the Soviet account and communicating directly with the Government Purchasing Commission of the Soviet Union in the U.S.A. with respect to any discrepancies.

Your acknowledgment will be appreciated.³

Sincerely yours,

HALE T. SHENEFIELD

¹ *Foreign Relations*, 1945, vol. v, p. 1009.

² Not printed. In a similar letter of November 4, Mr. Shenefield, then signing as Chief of the Lend-Lease and Surplus (War) Property Branch of the Division of Economic Property Policy, sent to Mr. Bath another check number 62143 of the Government Purchasing Commission of the Soviet Union in the amount of \$459,041.50 for the same purpose.

³ The acknowledgment was sent on October 14.

861.24/10-247

The Director of the Office of Financial and Development Policy (Ness) to the Director of the Bureau of Federal Supply, Treasury Department (Mack)

WASHINGTON, October 15, 1947.

MY DEAR MR. MACK: In your letter of October 2, 1947¹ to Mr. Hale T. Shenefield, Acting Chief, Division of Lend-Lease and Surplus War

¹ Not printed.

Property Affairs, you have requested an explicit statement to resolve any possible ambiguity in connection with the declaration as surplus of Union of Soviet Socialist Republics lend-lease articles title to which, pursuant to the terms of the October 15, 1945 "pipeline" Agreement, had been deemed transferred to the Government of the Union of Soviet Socialist Republics prior to December 31, 1946.²

My letter to you of August 20, 1947³ authorized disposal, as surplus, of all Union of Soviet Socialist Republics lend-lease materials covered by the US-USSR Agreement of October 15, 1945 and remaining either in storage or in production under existing contracts. The term "all material in storage" as used in that letter included all materials custody of which had not yet been transferred to the Government of the Union of Soviet Socialist Republics. It is the opinion of this office that the Third Deficiency Appropriation Act, 1946, as subsequently interpreted by the Congress in conjunction with the enactment of the Supplemental Appropriation Act, 1948 in July 1947, clearly prevents further lend-lease shipments of any kind to the Union of Soviet Socialist Republics in as much as any further deliveries of lend-lease articles to Soviet custody would be in the nature of "shipments" and would be contrary to the intent of Congress.⁴ The fact that certain lend-lease articles were "deemed to be transferred to the Government of the Union of Soviet Socialist Republics" on or before December 31, 1946 under Schedule II, paragraph B of the Agreement of October 15, 1945 does not give them the status of having been "shipped" prior to December 31, 1946. The purpose of Schedule II, paragraph B of the Agreement of October 15, 1945 with respect to articles "deemed to be transferred" was to impose upon the Soviet Government complete financial responsibility for articles which remained available for delivery and shipment for three months or more after notice of availability. Under circumstances where there is no expectation of physical delivery of such articles to the Soviet Government, the provisions of this paragraph would cease to have effect. Since articles referred to in your

² The articles specifically inquired about in this letter were "3,643.8 net tons of equipment, title to which, pursuant to the terms of the October 15, 1945 pipe-line agreement, had been deemed transferred to the U.S.S.R. prior to December 31, 1946. This includes 2,527.7 net tons of miscellaneous equipment and 1,116.1 net tons of oil refinery equipment." (861.24/10-247)

³ Not printed.

⁴ The Supplemental Appropriation Act, 1948, contained a provision of \$500,000 for liquidation expenses of activities connected with the lend-lease program by the Treasury Department in the fiscal year 1948, including the completion of pipeline deliveries for ten countries. In the *Twenty-Fourth Report to Congress on Lend-Lease Operations* it is stated: "The omission of the Soviet Union from this list means that the pipe line material in storage and on order for delivery to the U. S. S. R. under the agreement of October 15, 1945, cannot be transferred. As a result the material will be disposed of under the Surplus Property Act, and, subject to applicable laws, will be available to any purchaser and for any other programs of the United States Government."

letter of October 2, 1947 are not to be shipped, they would no longer, in the opinion of this office, be subject to the provisions of Schedule II, paragraph B of this Agreement.

Sincerely yours,

NORMAN T. NESS

861.24/11-1747

*Memorandum of Conversation, by the Assistant Secretary of State
for Economic Affairs (Thorp)*

[WASHINGTON,] November 17, 1947.

I said that I had asked Mr. Tarassenko ¹ to come in because of the long delay which had occurred in discussing the lend lease settlement with representatives of the Soviet Government. The last meeting of the working group took place on July 18, and tomorrow four months would have elapsed since that meeting. The *aide-mémoire* which I was handing him expressed the hope that the negotiations could be resumed without delay.²

I stated that while the Department had understood that in the absence of the Ambassador it might have been difficult for the Soviet delegation to continue the negotiations, it was hoped that with the appointment of a new Ambassador ³ the discussions could be taken up again. Mr. Tarassenko said that the new Soviet Ambassador was authorized to continue the negotiations and that upon his arrival in the United States they would be resumed immediately.

I also explained to Mr. Tarassenko that I was handing him a note ⁴ suggesting a settlement regarding certain items which had been ordered under the lend-lease program but which had not in effect been delivered. Mr. Tarassenko stated that this matter also would receive attention upon the arrival of the Ambassador.

WILLARD L. THORP

¹ Vasily Akimovich Tarasenko, Counselor of Embassy of the Soviet Union.

² *Infra*.

³ Alexander Semenovitch Panyushkin, who presented his credentials on December 31.

⁴ *Post*, p. 710.

861.24/9-1047

The Department of State to the Embassy of the Soviet Union

AIDE-MÉMOIRE

On April 30, 1947 His Excellency the Soviet Ambassador met with the Assistant Secretary of State for Economic Affairs and opened negotiations for the settlement of the obligations of their two Governments under the Master Lend-Lease Agreement of June 11, 1942. At

that time the Assistant Secretary of State for Economic Affairs and His Excellency the Soviet Ambassador, each designated a group of specialists to proceed with the negotiations at the working level. Following the opening of negotiations on April 30, ten meetings were held by the two working groups. At the meeting of these groups on June 25, 1947, United States representatives presented to the Soviet group an "Outline of Main Points of Settlement Proposed by the U. S. Side." At subsequent meetings several of these main points of settlement were further discussed and clarified. Over three months have elapsed since the last meeting of the groups on July 18, 1947, but, despite informal inquiries, no replies or counterproposals from Soviet representatives have been received nor has there been any indication as to when negotiations will be resumed.

Over two years have elapsed since the conclusion of hostilities and the termination of the wartime lend-lease program. The Government of the United States calls to the attention of the Government of the Union of Soviet Socialist Republics the urgent necessity of resuming negotiations immediately and of concluding a lend-lease settlement agreement at the earliest possible date.

WASHINGTON, November 17, 1947.

861.24/9-1047

The Secretary of State to the Chargé of the Soviet Union (Tarasenko)

WASHINGTON, November 17, 1947.

SIR: I have received the Ambassador's note of July 4, 1947, No. 118, concerning the first interest payment made by your Government under the Agreement of October 15, 1945 and Mr. Tsarapkin's note of September 10, 1947, No. 184, concerning the termination of delivery of articles under the terms of this Agreement. In view of the fact that it was not possible to complete deliveries under the Agreement of October 15, 1945 before December 31, 1946, and since legislative authorization to make such deliveries has terminated, it is necessary to inform you that no further articles can be made available or can be transferred by the Government of the United States to the Government of the Union of Soviet Socialist Republics under this Agreement and such articles as have been made available and have not been delivered to the custody of your Government can no longer be considered available for the purposes of this Agreement.

The fund of \$725,000 which was deposited by your Government with the Treasurer of the United States for the specific purpose of defraying the costs of administrative expenses and accessorial charges con-

nected with the delivery of goods under the Agreement of October 15, 1945 can no longer be used for this purpose. Your Government may wish to redesignate these funds to apply against other amounts due to the Government of the United States in connection with lend-lease matters.

Representatives of this Department are prepared to discuss with representatives of your Government at a time to be agreed upon the questions referred to in the Ambassador's note of July 4, 1947 concerning the value of equipment transferred to your Government which cannot be utilized properly because of incompleteness and concerning the losses which the Ambassador's note stated are being experienced by your Government as a result of the termination of deliveries of articles included in the Agreement of October 15, 1945.

Accept [etc.]

For the Secretary of State:
WILLARD L. THORP

861.24/12-1147

*The Acting Secretary of State to the Chargé of the Soviet Union
(Tsarapkin)*

WASHINGTON, December 11, 1947.

SIR: In the discussions of a lend-lease settlement between the representatives of our two Governments, the Government of the United States made known to the Government of the Union of Soviet Socialist Republics that title to certain merchant vessels which had been transferred to the Government of the Union of Soviet Socialist Republics in accordance with the terms of the Lend-Lease Act and the Agreement between our two Governments of June 11, 1942, and which remain in Soviet custody, could not be transferred to the Government of the Union of Soviet Socialist Republics in connection with a lend-lease settlement, and that these vessels must be returned to the Government of the United States, at ports designated by it. These vessels consist of one pre-war-built dry cargo vessel and seven war-built tankers, as listed below:

<i>American Name</i>	<i>Soviet Name</i>	<i>Date Transferred</i>
1. <i>White Clover</i>	<i>Lev Tolstoi</i>	April 30, 1945
2. <i>Thomas Gallaudet</i>	<i>Maikop</i>	November 13, 1943
3. <i>Paul Dunbar</i>	<i>Belgorod</i>	December 14, 1943
4. <i>Charlotte Gilman</i>	<i>Apsheron II</i>	July 25, 1944
5. <i>Cedar Creek</i>	<i>Taganrog II</i>	April 30, 1944
6. <i>Shawnee Trail</i>	<i>Emba II</i>	June 28, 1944
7. <i>Pioneer Valley</i>	<i>Krasnaya Armiya</i>	October 4, 1944
8. <i>Muir Woods</i>	<i>Elbruz</i>	March 22, 1945

It is accordingly requested by the Government of the United States that these vessels be returned immediately, but not later than sixty days from the date of this note, to representatives of the United States Government in any port in the continental United States.¹

It has come to the attention of this Government that the tanker *Muir Woods*, or *Elbruz*, is reported to be currently offered for charter by your Government, to carry cargo from the Persian Gulf to the Mediterranean. The Government of the United States considers any such chartering of the vessels listed above to be contrary to the terms upon which they were made available.²

It has also come to the attention of the Government of the United States that some of the other vessels transferred to your Government under the Lend-Lease Act and in accordance with the terms of the Agreement of June 11, 1942, have also been chartered to third parties. Although title to such vessels may be transferred to the Government of the Union of Soviet Socialist Republics in a lend-lease settlement agreement, until such an agreement has been concluded, the Government of the United States considers the chartering of such other vessels also to be contrary to the terms upon which these vessels were originally transferred, unless prior approval of such chartering has been obtained from the Government of the United States.

Accept [etc.]

For the Acting Secretary of State:

WILLARD L. THORP

¹ Mr. Samuel Reber, the Deputy Director of the Office of European Affairs, pointed out in a memorandum of December 11, that "under the terms of the master Lend-Lease agreement with the U.S.S.R., our legal right to demand the recapture of Lend-Lease material requires as a condition precedent that there be a declaration of the end of the emergency by the President. If, therefore, the Soviet Government should decline to return the vessels on this legal ground, we would find it necessary to proclaim the end of the emergency in order to perfect our legal position." (861.24/12-1147)

² The Chairman of the Maritime Commission, Vice Admiral William W. Smith, commented in a letter of December 11 to Secretary of State Marshall that the "use to which this vessel is being put indicates to us very clearly that the Soviet Government does not have continuing and complete need for the use of this vessel" or for the three other T-2 type tankers procured under lend-lease arrangements. Chairman Smith therefore "strongly urged that every effort be made to have the Soviet Government return all of the tankers in question without further delay." (861.24/12-1147)

861.24/12-1247

*Memorandum by Mr. Michael H. Cardozo of the Office of the Legal Adviser*¹

[WASHINGTON,] December 12, 1947.

U.S.S.R. LEND-LEASE PIPELINE TRANSFERS, DELIVERIES AND EXPORTS

1. As used in this memorandum,

- a. "Transfer"* means conveyance of title, as provided in Paragraph B of Schedule II of the agreement of October 15, 1945;
- b. "Delivery"* means turning over of custody and possession; and
- c. "Export"* means placing on board vessel for shipment to the U.S.S.R.

2. Up to December 31, 1946, *transfers*, *deliveries* and *exports* of pipeline material under the U.S.-U.S.S.R. agreement of October 15, 1945, continued as contemplated in that agreement. In addition, during this period "notices of availability" were issued to the Soviet Government from time to time. The Soviet Government, also during this period, issued "letters of acceptance" or shipping instructions with respect to pipeline material, which acts accomplished transfer of title within the meaning of the expression "*transfer*" in Paragraph B of Schedule II of the agreement.

3. Between January 1 and January 10, 1947, we were awaiting a decision of the Comptroller General on the legality or propriety of using funds deposited by the Soviet Government and other governments to pay the administrative expenses incident to shipment of pipeline material. During this period, contracts were not canceled and *transfers*, *deliveries* and *exports* were not terminated. Although the records are not set up in a manner that would permit ascertaining the precise figures within a reasonable time, it is proper to assume that some *transfers*, as well as *deliveries*, took place during this period.

4. Between January 10, 1947, the date on which a decision of the General Accounting Office was received, and February 5, 1947, all *transfers* and *deliveries* of Treasury procured items were suspended.

5. During January 1947 the Army and Navy delivered to the Soviet Government about \$60,000 and \$19,000, respectively, worth of lend-lease items procured by them. There was no evidence that the December 31 deadline in Public Law 521, which appropriated funds for the expenses of the Treasury Department, applied to them.

6. After the imposition of the suspension of Treasury procured items on January 10, 1947, representatives of the Soviet Government pointed

¹ This memorandum was directed to Mr. C. Tyler Wood, Deputy to the Assistant Secretary of State for Economic Affairs.

out that, under the agreement, title to a considerable quantity of the pipeline material had passed, and that our refusal to turn it over to them would be an illegal retention of their property. This position was discussed by representatives of State and Treasury Departments with the Comptroller General and his General Counsel, and on February 5, 1947, final clearance was received, orally, from the General Counsel of the General Accounting Office stating that material to which title had passed could be *delivered* to the Soviet Government, even if some appropriated funds had to be used for the administrative expenses incident to the delivery.

7. As of February 5, 1947, *deliveries* were resumed with respect to property on which title had passed prior to December 31, 1946. With respect to notices of availability issued after September 30, 1946, the running of the three-month period was "tolled" after December 31, 1946, so that if the three months had not elapsed before December 31, or *transfer* had not otherwise been effected before December 31, the goods were not thereafter *delivered* to the Soviet Union.

8. Toward the end of March 1947 the Army began to press for payment of its expenses incident to loading material, stored in its depots, onto railroad cars. Because of doubt as to what funds could be used for payment of these expenses at this time, such payment was not made, and consequently loading of such material was stopped. This resulted in a complete stoppage, after the end of March 1947, of all *deliveries*. The last delivery was made on March 26, and *deliveries* were never resumed.

9. *Exports* to the Soviet Union continued throughout the period involved, and are presumably still continuing with respect to material on which title had passed prior to December 31, 1946. *Exports* in recent months are on a very small scale. Some of the material exported in 1947 is, of course, material *delivered* between January 1 and January 10 and between February 5 and the end of March, including material *transferred* between January 1 and January 10, 1947.²

10. The foregoing information is based on my own examination of our files and information communicated by the Bureau of Federal Supply of the Treasury Department.

² Acting Secretary of State Robert A. Lovett in a letter of December 19 to Representative Frank B. Keefe of Wisconsin wrote: "The Treasury Department, Lend-Lease Fiscal Office reports the total amount billed to the Soviet Government to the present time under the Agreement of October 15, 1945 is \$216,060,-888.73, including \$10,715,932.83 billed in December 1947." (861.24/12-1147)

861.24/12-1647

*The Embassy of the Soviet Union to the Department of State*¹

[Translation]

In connection with the proposals by the American Government on June 25, 1947 concerning the basic principles of lend-lease settlement, the Soviet Government makes the following statement:

Whereas:

Lend-lease was a part of the common war effort of the Allies in the struggle against the common enemy, being one of the forms in which the United States of America contributed to this struggle and a means of guaranteeing the defense of the United States of America;

As indicated in the preamble to the agreement of June 11, 1942,

"The President of the United States of America has determined, pursuant to the Act of Congress of March 11, 1941, that the defense of the Union of Soviet Socialist Republics against aggression is vital to the defense of the United States of America;"

As acknowledged by leading government authorities of the U.S.A. in their official statements, the contribution of the Soviet Union to the conduct of the war against the common enemy and to the achievement of victory was exceedingly great, both in those things which lend themselves to monetary computation and in those which do not lend themselves to such computation;

In official statements of leading government authorities of the U.S.A. it was pointed out repeatedly that the hastening of victory over the common enemy and the saving of millions of American lives as the result of the war effort and sacrifices of the U.S.S.R. constitute the benefit which, in the sense of the agreement of June 11, 1942, the U.S.A. received in exchange for the lend-lease aid which the U.S.A. furnished;

The expenditures on the part of the Soviet State in the war with Germany as well as with Japan, and the losses in revenue which were suffered by state and cooperative social enterprises as well as by the city and village population of the Soviet Union as the result of enemy occupation constitute, for the war period only, no less than 357 billion dollars, in addition to a direct loss amounting to 128 billion dollars suffered by the Soviet State and population as the result of the enormous destruction and plundering of state, cooperative and personal property during the war years in that territory which was oc-

¹ This note No. 245 was dated December 16 and was initialed "S. T." by the Chargé Semen Konstantinovich Tsarapkin.

cupied by the enemy, while chiefly through the war effort of the Soviet people the United States not only avoided any kind of destruction on its own territory but even found it possible during the war to increase considerably its own material resources;

In the agreement of June 11, 1942 there is no mention made of a difference between articles used directly in military operations and all other articles provided by lend-lease, since they were all equally intended for the winning of the victory over the common enemy;

According to Article V of the agreement only those lend-lease articles were to be returned to the United States of America which had not been used upon the cessation of military operations, that is, by September 2, 1945;

As seen from the text of the agreement of June 11, 1942, this agreement was considered by the Governments concerned as a preliminary one, and the definitive settlement was postponed until "the progress of events makes clearer the final terms and conditions and benefits which will be in the mutual interests of the United States of America and the Union of Soviet Socialist Republics and will promote the establishment and maintenance of world peace";

As indicated in Article VII of the agreement of June 11, 1942,

"In the final determination of the benefits to be provided to the United States of America by the Government of the Union of Soviet Socialist Republics in return for aid furnished under the Act of Congress of March 11, 1941, the terms and conditions thereof shall be such as not to burden commerce between the two countries, but to promote mutually advantageous economic relations between them and the betterment of world-wide economic relations."

The Soviet Government considers that the collapse of the common enemy was brought about to a considerable degree by the efforts of the Soviet Union, and that the benefits received by the United States of America as a result of the war effort of the Soviet Union immeasurably exceed the benefit received by the Soviet Union in the form of lend-lease supplies.

Nevertheless the Soviet Government, with a view to meeting the desires of the American Government, proposes to conclude an agreement for the settlement of lend-lease on the following bases:

1) The Soviet Government would pay on long-term credit the partial sum agreed upon for lend-lease goods in transit at the cessation of military operations, that is, on September 2, 1945, and also for goods received from the U.S.A. during the period extending from September 2 to 20, 1945, when lend-lease deliveries were suspended, and, in addition to this, goods remaining in Soviet ports and bases on September 2, 1945 which were not delivered to their ultimate destination.

These articles are enumerated in the list submitted to the American Government on June 11, 1947.²

2) The Soviet Government would pay on long-term credit, in accordance with the agreed prices, for all merchant ships and 3 ice-breakers received on lend-lease and now at the disposal of the U.S.S.R.

3) The Soviet Government would take the necessary measures to conclude satisfactory agreements with the American firms concerned on the question of patents for oil refining processes.

4) The Government of the Union of Soviet Socialist Republics would agree to consider the proposal for supplying to the United States of America, within specifically agreed limits, Soviet currency for the purpose of payment by the Government of the U.S.A. for services rendered by the Soviet Union to diplomatic representatives of the U.S.A. in the U.S.S.R., the amounts of Soviet currency made available being charged against the account for the payment of the dollar obligations of the U.S.S.R. in accordance with the agreement for lend-lease settlement.

5) The present settlement of lend-lease would be recognized as full and final with respect to the mutual obligations of the two Governments in accordance with the agreement of June 11, 1942 and with respect to all claims connected with the execution of this agreement.

² See the memorandum by the Soviet Delegation concerning inventory of lend-lease articles, dated June 10, and footnotes 1 and 2, p. 692.

861.24/12-2047

*The Chargé of the Soviet Union (Tsarapkin) to the Assistant
Secretary of State for Economic Affairs (Thorp)*

[Translation]

No. 250

WASHINGTON, December 20, 1947.

Acknowledging receipt of your letter of December 11, 1947, concerning eight lend-lease vessels, I hereby inform you that the Government of the Union of Soviet Socialist Republics considers that this question is subject to decision in the course of the general lend-lease settlement, concerning which concrete proposals were presented by the Soviet side to the American side on December 16, 1947.

Accept [etc.]

S. TSARAPKIN

DIFFICULTIES IN OBTAINING EXIT VISAS FOR SOVIET SPOUSES OF AMERICAN CITIZENS AND DETAINED AMERICAN CITIZENS IN THE SOVIET UNION¹

340.1115/2-147 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, February 1, 1947—10 a. m.

261. So far as Embassy can determine only legal basis on which it can operate in attempting to protect American citizens is exchange of letters dated November 16, 1933,² between Litvinoff³ and Roosevelt. I would appreciate being advised at early date if any other legal grounds exist on which I could base representations to Soviet Foreign Office.⁴

SMITH

¹ For earlier documentation on the enduring difficulties concerned with efforts to assist Soviet spouses of American citizens and detained American citizens to leave the Soviet Union, see *Foreign Relations*, 1946, vol. vi, pp. 713-810 *passim*, and footnote 50, p. 713.

² For the letters constituting this agreement, see *Foreign Relations*, The Soviet Union, 1933-1939, pp. 33-34.

³ At this time Maxim Maximovich Litvinov was the People's Commissar for Foreign Affairs of the Soviet Union.

⁴ In reply the Department declared in telegram 192 to the Embassy in Moscow on February 7, 1 p.m., that protection of American citizens was based "also on recognized principles [of] international law governing right of state [to] protect nationals in foreign countries from injustice and discriminatory treatment." (340.1115/2-147)

123 Wallace, William : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

RESTRICTED

Moscow, February 1, 1947—1 p. m.

264. On December 31 I wrote to Molotov¹ asking that he give personal consideration to my request that Soviet wives of Vice Consul William Wallace and FSC Louis Hirshfield be given visas to travel to USA. Vyshinski² replied January 30 as follows (in translation):

"In connection with your letter of December 31, 1946 addressed to Minister V. M. Molotov with regard to departure from USSR to USA of Soviet citizens, Golovina³ and Savina,⁴ I inform you that on basis of information received by Ministry of Foreign Affairs, competent Soviet or-

¹ Vyacheslav Mikhailovich Molotov, Minister for Foreign Affairs of the Soviet Union.

² Andrey Yanuaryevich Vyshinsky, first Deputy Minister for Foreign Affairs of the Soviet Union.

³ Galya Golovina, wife of William E. Wallace.

⁴ Mela Borisovna Savina (Savine), wife of Louis M. Hirshfield.

gans did not consider it possible to grant their request to leave USSR for USA.”⁵

SMITH

⁵ In response to this note, Ambassador Smith again sent two similar letters on February 27, in which he requested that these cases would be reconsidered by “the appropriate higher Soviet authorities” and that these unnatural situations might possibly be remedied out of humane considerations. Copies of these letters, not printed, were sent to the Department of State in despatches 958 and 959 from Moscow on March 7.

340.1115/2-1247 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, February 12, 1947—1 p. m.

371. Embassy's 261, February 1. Particular case which we had in mind regarding legal basis for protection of American citizens was that of John Peter and Lauraine Elizabeth Jadwalkis, subject of Embassy's despatch No. 798, February 4.¹

As recognized principles international law do not always seem to hold good with Soviet authorities, I am afraid we are in far less strong position than I would like for protecting American citizens in USSR. It seems to me that we are badly in need of Consular convention defining explicitly our rights regarding protection of our citizens.

SMITH

¹ Not printed. An *aide-mémoire* of February 1, which Ambassador Smith had presented to Deputy Minister for Foreign Affairs Vladimir Georgiyevich Dekanov, was enclosed. It recalled that inquiries had begun on June 15, 1946, regarding these two native born American citizens, who were believed to be imprisoned in the Lithuanian district of Zarasu. The *aide-mémoire* proceeded to review at length the subsequent communications whereby the Embassy had attempted to learn the reason for their imprisonment, which the Foreign Ministry had countered with assertions that the two persons were not American citizens, so that “the appropriate Soviet authorities” were unable to supply the information desired by the Embassy. The *aide-mémoire* recounted in detail the provisions of the agreement of November 16, 1933, for the protection of the rights of American citizens, and again made the request for information about these arrests and the reasons therefor. (340.1115/2-447)

361.1121/2-2747 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, February 27, 1947—1 p. m.

562. In absence instructions to contrary, I shall deliver following note to Molotov on March 7:

“I have the honor to state that during past two years persons claiming American citizenship have been arrested in southern and eastern Europe and subsequently transported to Soviet Union where they are

apparently detained in labor camps. The US Government realizes that under conditions prevailing in southern and eastern Europe during active military operations, many mistakes could have been made in checking the citizenship of persons arrested as enemy aliens. It is now known, however, that among those so arrested were persons who had adequate documentation as American citizens at time of their arrest.¹

"Since November 1945 Embassy has reported over 100 such cases to the Ministry of Foreign Affairs without satisfactory results. The number of such cases is increasing. I am enclosing for your information a list of 59 of these individuals whose cases have been fully and carefully reviewed. This list gives names of persons concerned and numbers and dates of original notes from Embassy to Ministry covering each case. From evidence in possession of Embassy, there does not appear to be any question of validity of the claim of each of these individuals to American citizenship. Indeed, the first 12 persons listed were too young at time of their arrest by Soviet authorities to have expatriated themselves under American law. In spite of this fact, Soviet authorities have reported that 9 of these 12, as well as 21 of the remaining 47, were not American citizens but had citizenship of a country other than the Soviet Union or US.

"The American Government does not question right of Soviet Government to decide who is and who is not Soviet citizen. For same reasons my Government cannot admit right of any other government to say who is and who is not an American citizen. Consequently, statement from the Ministry of Foreign Affairs that person who claimed American citizenship was, according to the Soviet authorities, national of country other than US or Soviet Union cannot be accepted as satisfactory answer. In all such cases American Government takes the position that individual in question should either be released or should be allowed to appear before or be visited by an American consular officer in order that his American citizenship status may be determined. Such a procedure is not only in accord with principles of international law and usual and long-established custom between nations, but, as you are aware, was specifically agreed upon in exchange of letters dated November 16, 1933, between then President of the United States and the then Soviet Commissar for Foreign Affairs. In none of cases presented to the Ministry of Foreign Affairs by this Embassy of claimants to American citizenship who were arrested in southern and eastern Europe has there ever been any question of any criminal act against the Soviet Union.

¹ Ambassador Smith had informed the Department of State in telegram 298 from Moscow on February 5, not printed, about the number of Americans present in the Soviet Union according to the records of the Embassy. There was a total of 174 persons on the Embassy, military, and naval staffs, and of American correspondents including dependents. A total of 99 persons were known whose American citizenship had been approved by the Department. There was on record "approximately 1500 cases of claimants to American citizenship of varied occupations mainly agricultural and generally from former Poland, Lithuania, Estonia, Latvia and Ruthenia." The Embassy also had records on "approximately 220 cases of claimants to American citizenship who have been arrested and deported to Soviet Union for forced labor of whom about two-thirds appear to have valid claims. Before deportation these persons were residing principally in Poland, Rumania, Hungary, Czechoslovakia." (138 USSR/651)

"The protection of lives and liberties of its citizens abroad is an obligation so solemnly regarded by US that, as is well known, the President of US is required by law to report to Congress all facts and proceedings relative to American citizens who have been unjustly deprived of their liberty by authority of any foreign government.

"The inability of this Embassy to obtain a satisfactory reply to its representations in regard to the American citizens on the attached list, or to obtain their liberty, is a matter of the gravest concern to me and to my Government. For this reason, I bring their cases to your personal attention, and ask that they be speedily released.

"I take this opportunity, etc."

It is obvious that if this approach is to be undertaken, it must, in absence of satisfactory reply from Molotov, be followed through. I propose, therefore, that, if in three weeks I receive no reply, I send a follow-up note. If within two weeks thereafter I still receive no reply, I shall inform Department, and I hope that full facts of cases will thereupon be released for publication.

Embassy will forward to Department by pouch full information on all these.

SMITH

361.1121/2-2747 : Telegram

The Acting Secretary of State to the Embassy in the Soviet Union

WASHINGTON, March 7, 1947—7 p. m.

421. Dept approves delivery note concerning claimants American citizenship detained in Sov Union along lines your 562 Feb 27. Dept may wish revise time table for release depending on future developments.

Following changes suggested in submitted text :

(1) First sentence Paragraph 1 before "persons claiming American citizenship" insert "several hundred" or other suitable indication of number of persons involved.

(2) Fifth sentence Paragraph 2. Dept suggests careful rechecking 59 cases listed to assure that in Embassy's opinion no question validity claim these individuals exists.

(3) First sentence Paragraph 3 appears neither relevant nor entirely accurate. Suggest paragraph begin with "My Govt cannot admit right" in second sentence.

(4) Last clause fourth sentence Paragraph 3 reading "in order that his American citizenship status may be determined" might appear to Sov Govt contradictory to statement in Paragraph 2 that Embassy is satisfied of validity of citizenship claims in these cases. Suggest this clause be deleted.

(5) Last sentence Paragraph 3 practically constitutes invitation to Sov authorities to bring criminal charges against individual claimants and does not appear relevant. Suggest it be dropped.

(6) To place proper emphasis on our major objective order of "obtain" clauses in first sentence last paragraph should be reversed so that obtaining release of claimants precedes reference to obtaining satisfactory reply to Embassy's representations.¹

ACHESON

¹ After the receipt of this reply, Ambassador Smith advised the Department in telegram 1322 from Moscow on April 12, noon, that he had not delivered the proposed note, "considering [the] time inappropriate". In the meanwhile the citizenship status of the persons concerned should be carefully reviewed to insure that nothing had happened during their long residence abroad which could have impaired the validity of their claims. He suggested that this should be done in the Department of State because the Embassy did not have full files nor sufficient staff, whereas the Department had records more up-to-date and was the final arbiter on citizenship status. The Ambassador considered it "very important that we make strong stand on cases of American citizens arrested by Soviet authorities", but because of the practice of the Foreign Ministry to deny many claims of American citizenship and consequently to refuse additional information, he did "not wish to present any claim that cannot be substantiated." A total of 233 cases were mentioned, and a note written on this telegram in the Department stated that "each case being reviewed & handled separately as time allows". (361.1121/4-1247)

861.4054/4-547 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

RESTRICTED

Moscow, April 5, 1947—7 p. m.

1203. Recent Soviet decree prohibiting marriage by Soviet citizens to foreigners¹ and Stalin's subsequent statement to Bevin² that (today released to press) Soviet citizens already married to foreigners would not be permitted to leave USSR sharply illuminates one totalitarian aspect of Soviet system. They reveal an attitude on part of Soviet state towards its citizens reminiscent of relation between feudal lord and serfs.

This revelation does not of course come as surprise to those who have been dealing with question of Soviet wives. Vyshinski defined basis of this attitude in conversation with Maxwell Hamilton³ (Moscow desp 520, May 31, 1944⁴). In essence Vyshinski stated that Soviet Government considers that every Soviet citizen had an obligation to discharge to the state and that no citizen would be permitted to shirk that obligation by expatriating himself and going abroad. He gave no

¹ This decree of February 15 had been signed by Nikolay Mikhailovich Shvernik and Alexander Fedorovich Gorkin, the Chairman and the Secretary of the Presidium of the Supreme Council of the Soviet Union.

² Ernest Bevin, British Secretary of State for Foreign Affairs.

³ Maxwell M. Hamilton, Counselor of Embassy with honorary rank of Minister in the Soviet Union.

⁴ *Foreign Relations*, 1944, vol. iv. p. 877.

hint when if ever a Soviet citizen might be considered to have discharged his servitude to the state.

Soviet propaganda has heretofore sought to conceal from west this relationship between the state and the individual. But new decree and Stalin's statement now expose for all who care to read falseness of Soviet pretensions that Soviet system exists for common man and make it clear that the individual in even his most personal relations is subject to will of the state.

SMITH

3611.1121/4-2147

The Ambassador in the Soviet Union (Smith) to the Secretary of State

CONFIDENTIAL
No. 1154

Moscow, April 21, 1947.

The Ambassador has the honor to refer to a Transmittal Slip dated March 18, 1947, from the Special Projects Division, File No. 361.1121/3-347, concerning Isaiah Oggins.¹ The Embassy has repeatedly requested the Foreign Office to give it information on the welfare of Mr. Oggins. In 1946 the Embassy addressed five third-person notes to the Ministry besides two personal letters from the Chargé d'Affaires to the Chief of the American Division of the Foreign Office on this case. In addition, the matter has been taken up by personal calls to the Foreign Office, but no information whatever has been vouchsafed by the Foreign Office on this case.² The last reminder to the Foreign Office was on January 28, 1947.

In view of the continued refusal of the Foreign Office to give any information on Mr. Oggins, the Embassy feels that he may be dead or seriously ill. Another attempt is being made, however, to ascertain from the Foreign Office information on his welfare. Any developments will be immediately reported to the Department.³

¹ Not printed. Mrs. Nerma Oggins had inquired once more on March 3 for information about her imprisoned husband, Isaiah Oggins, in a letter to Secretary of State George C. Marshall. A note from the 15 year old son, Robin S., had been enclosed for his father.

² See *Foreign Relations*, 1946, vol. VI, p. 762. For the origin of this case, see *ibid.*, 1942, vol. III, pp. 765-771 *passim*.

³ The content of this despatch was sent to Mrs. Oggins in a letter dated May 16 from Donald W. Corrick, acting assistant chief of the Special Projects Division, with the reassurance that she would be communicated with if the latest effort undertaken by the Embassy in the Soviet Union should succeed. In airgram A-354 to Moscow on October 13, not printed, the Department inquired whether there had been any developments in this case subsequent to the Embassy's intercession. The matter of the whereabouts of Mr. Oggins was one of the items taken up in the conversation held on November 10 between Oscar C. Holder, chief of the Consular Section of the Embassy, and Izmail Bedreddinovich Konzhukov, the deputy chief of Consular Administration of the Ministry of Foreign Affairs, reported in a memorandum enclosed in despatch 1831 on November 13, not printed.

860J.111/4-2147

The Embassy of the Soviet Union to the Department of State

[Translation]

No. 56

The Embassy of the Union of Soviet Socialist Republics presents its compliments to the Department of State and has the honor to inform it of the following:

The Government of the U.S.S.R., with a view to satisfying numerous requests of Armenians residing abroad, has given permission for the Government of Soviet Armenia to arrange for the return of Armenians who desire to go back to their motherland—Soviet Armenia—from a number of countries, including the United States of America.

In this connection the Embassy requests the Department of State to render assistance to those Armenians who desire to return to their motherland by permitting them to leave, export property which belongs to them, relinquish their foreign citizenship,¹ et cetera.

V[ASILY] T[ARASENKO]²

WASHINGTON, April 21, 1947.

¹ In an enclosure to despatch 567 from Moscow on November 29, 1946, the Embassy reported that on October 19 the "Presidium of the Supreme Soviet of the USSR issued a decree according to which foreign Armenians returning home in the manner prescribed by the Government are recognized as citizens of the USSR from the moment they arrive in the USSR." See *Foreign Relations*, 1946, vol. VI, p. 814.

² The initials are those of Vasily Akimovich Tarasenko, Counselor of the Soviet Embassy, at this time Chargé.

361.1121/4-2347

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, April 23, 1947.

No. 1173

SIR: I have the honor to refer to my telegram No. 562 of February 27, containing the draft of a note to be sent to Mr. Molotov on the subject of American citizens who had been arrested in Southern and Eastern Europe and deported to the Soviet Union for forced labor, and the Department's telegram No. 421 of March 7 in reply.

Mr. Vyshinski asserted on March 15 at the Council of Foreign Ministers that there were no American displaced persons on Soviet territory or the Soviet occupied zone of Germany.¹ This seemed to give an

¹ Vyshinsky's statement was circulated to the Council as document CFM(47) (M) 17, March 15, 1947, not printed. Documentation on the Fourth Session of the Council of Foreign Ministers, held in Moscow, March 10–April 24, 1947, is presented in volume II.

opportunity for the Embassy to present the cases of Americans forcibly detained in the Soviet Union in a different manner from that originally contemplated. A copy of the note which I sent to Mr. Molotov on April 18 on this subject is enclosed.²

In as much as I feel this matter must be strongly followed up I would appreciate receiving as soon as possible the Department's opinion of the validity of the citizenship claims of the persons mentioned in the Embassy's telegram No. 1322 of April 12,³ as well as the citizenship of other persons whose names have been sent the Embassy by the Department and received here too late to be included in that telegram.

Lacking an appropriate reply from Mr. Molotov, I intend to follow this up with another note not later than May 5.

Respectfully yours,

W. B. SMITH

² Not printed. The Ambassador pointed out in part in this long note that "the records of the Embassy show that many persons claiming American citizenship have been arrested by the Soviet authorities in Eastern and Southern Europe and sent to the Soviet Union. The Embassy has reported over one hundred such cases to the Ministry of Foreign Affairs since November 1945." He also called to the attention of the Foreign Minister the numerous cases of American citizens who were living in the Baltic States at the outbreak of war on September 1, 1939, who could not in consequence return to the United States, many of whom were known still to desire to come back, but who were being detained against their will. In conclusion the Ambassador declared that he trusted that "arrangements will be made to permit all persons having valid claim to American citizenship to be interviewed by American consular officers to ascertain fully their citizenship status and all those whose claims are substantiated as well as all those whose American citizenship has already been verified . . . will immediately be granted exit visas in order that they may depart from the Soviet Union and return to their native land."

³ Not printed ; but see footnote 1 to telegram 421, p. 722.

861.111/4-2447 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

CONFIDENTIAL U.S. URGENT Moscow, April 24, 1947—7 p. m.

1544. On basis of letter dated 23 April from Vyshinski advising me that FonOff saw no reason why cases of two Soviet wives of American citizens should be referred to higher competent Soviet authorities,¹ I asked Durbrow² today to tell accredited American correspondents of Embassy's efforts in past years to obtain exit visas for Soviet wives. He gave dates of many written and oral requests by Harriman,³ Secretary Byrnes and myself since 1945, which resulted in obtaining only 10 exit visas, and stated that on basis of last letter from Vyshinski we

¹ A translation of this letter, here adequately summarized, was sent to the Department in despatch 1205 from Moscow on April 29, not printed. It was in reply to the Ambassador's two letters of February 27 ; see footnote 5, p. 719.

² Elbridge Durbrow, Counselor of Embassy in the Soviet Union, at times Chargé d'Affaires.

³ W. Averell Harriman had been Ambassador to the Soviet Union, 1943-1946.

inferred that wives still here would not obtain exit visas which made their cases similar to those of British-Soviet wives. He gave names and addresses of 15 husbands in US who were or are still attached to Embassy whose wives have not obtained visas, despite continuous efforts by Embassy.

He also informed correspondents that retroactive Soviet interpretation of new decree of Feb 15 ⁴ forbidding marriage of Soviet citizens to foreigners probably precludes the granting of Soviet exit visas to about 80 wives of American war veterans and approximately 100 other wives of American citizens all of whom have expressed desire to join husbands.⁵

SMITH

⁴ See telegram 1203 from Moscow on April 5, p. 722.

⁵ In a memorandum of a conversation on November 18, concerning the case of Mrs. Mela Hirshfield, William A. Crawford of the Division of Eastern European Affairs remarked that since the decree of February 15 he had seen "no encouraging evidence to indicate that the Soviet Government plans to reverse its policy with regard to the Soviet wives of foreign nationals." (123 Hirshfield, Louis)

861,111/5-1347

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

[Extracts ¹]

CONFIDENTIAL
No. 1262

Moscow, May 13, 1947.

SIR: I have the honor to outline below recent evidence of increasingly rigid measures being taken to prevent Soviet citizens from coming in contact with foreigners.

The law of February 15 prohibiting Soviet citizens from marrying foreigners is the most extreme step in this direction. In this general connection the Consular Section of the Embassy has noted a resurgence of intimidation of persons who visit the Embassy in order to clarify their American citizenship status or to apply for immigration visas.

Between the Embassy building and the Hotel National, which it adjoins, there is an entry way which may be used for automobiles. There is usually at least one plain clothes detective stationed in this entrance but recently he seems to have acquired one or more assistants. It has been noted that the militia who stand in front of the Embassy are more frequently indicating to their plain clothes colleagues that they should follow and question American citizenship claimants or ap-

¹ Some paragraphs are omitted giving details of experiences at the hands of Soviet authorities of visitors to the Embassy, or of those seeking to visit, to discuss questions about their American citizenship, or regarding arrangements for passage to the United States.

plicants for immigration visas when they leave the Embassy building. Several reports from visitors indicate that deliberate methods are also being used to give wrong directions to persons seeking the Embassy. In line with these developments it has just been announced that no unreserved seat cars will be attached to long distance trains serving Moscow. The necessity of obtaining a reserved seat on such trains in effect acts as a further deterrent to persons who desire to call at the Embassy.

While the Embassy has few other sources of information than persons visiting the Consular Section, there is little reason to doubt that these reports are substantially true. From the end of the war up until about three months ago there were very few similar reports. The increasing surveillance of movements of individuals is in line with present propaganda and political developments which are outside the scope of this despatch.

While some of the persons referred to above may have a claim to American citizenship, all of them are considered by the Soviet authorities also to possess Soviet citizenship. Since all these persons are considered by the authorities to possess Soviet citizenship it would appear, in view of the tightening of controls now being exercised by the Soviet authorities, that any further efforts that the Embassy may make to assist these persons in obtaining exit visas will not be effective. As the Department is aware, the Embassy's efforts in the past to assist Americans in obtaining exit visas have rarely met with success.

Under Soviet theory and practice the desires of an individual are not taken into consideration if these desires conflict with what the authorities consider to be the best interests of the state. Whether for reasons of manpower or because they do not wish too many persons to proceed abroad and describe life in the Soviet Union, it appears obvious that a basic decision has been taken that emigration from the Soviet Union is not in the best interests of the state. It should be pointed out, however, that the foregoing does not apply to the comparatively small number of persons whom the authorities do not claim as Soviet citizens. Exit visas are occasionally given to non-Soviet citizens.

While the above evidence seems to indicate clearly that the authorities are tightening their controls, it should not give rise to the belief that this represents a new departure in Soviet practice. On the contrary, judging from past experience before the war, it might best be termed a return to normal—"the bear has again come down on his front paws."

ELBRIDGE DUSBROW

861.4054/5-2147: Telegram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

RESTRICTED

Moscow, May 21, 1947—11 a. m.

1843. Applicant for immigration visa informed Embassy recently that Assistant Chief of OVIR (exit visa issuing office) told her that cases of "private citizens desiring to depart from Soviet Union are not being considered as present time." This additional evidence that wives of American citizens (Embtel 1203 April 5) will not be allowed to depart. Also indicates high level decision on whole question of exit visas has been or is in process of being made.¹

DURBROW

¹ The Chargé further reported in telegram 2058 from Moscow on June 7, noon, not printed, that Soviet authorities were even preventing the departure of Americans whose citizenship had been verified and who were not dual nationals. Notes had been written on 8 cases, involving 10 individuals, but the Chargé believed that, because of the seriousness of the arbitrary action, Ambassador Smith should take up the matter at a high level upon his return to the Embassy.

860J.111/4-2147

The Department of State to the Embassy of the Soviet Union

The Department of State has received the note of April 21, 1947 from the Embassy of the Union of Soviet Socialist Republics in which the assistance of the Department of State is requested in connection with the emigration of Armenians from the United States to the Soviet Union. It is presumed that some of the prospective emigrants in question are American citizens.

American citizens, or alien residents of the United States except German or Japanese nationals, who desire to emigrate to the Soviet Union are freely permitted to do so. No exit visas are required, and such emigrants are at liberty to take their personal property with them. American citizens may voluntarily relinquish their American citizenship by making a formal declaration of allegiance to a foreign country in accordance with the laws thereof.

While the Government of the United States will interpose no objections to the departure of persons of Armenian origin from the United States to the Soviet Union, it cannot fail to bring to the attention of the Embassy two categories of persons in the Soviet Union who, notwithstanding all their personal efforts and the repeated representations of the American Embassy in Moscow, have not been permitted to leave the Soviet Union for the United States. The first category consists of persons with claims to American citizenship who have been forcibly removed to the Soviet Union from various countries of Eastern Eu-

rope. All efforts of the American Embassy in Moscow to obtain permission to interview these people with a view to establishing their American citizenship and arranging for their return to the United States have been fruitless. The second category of persons consists of a relatively small number of Soviet women married to American citizens who for many months, and in several cases years, have sought permission to leave the Soviet Union in order to join their husbands in the United States. The continued refusal of the Soviet authorities to permit the departure of these wives of American citizens is incomprehensible to the Government and the people of the United States.¹

In assuring the Embassy that no difficulties will be experienced by persons of Armenian origin in the United States who desire to emigrate to the Soviet Union, the Department of State requests the favorable consideration of the Soviet Government for the facilitation of the departure to the United States of the two categories of persons mentioned above.

WASHINGTON, May 28, 1947.

¹ Later in the year an occasion arose which caused the Department of State to release to the press on December 4, both the note of April 21 from the Embassy of the Soviet Union and this reply of May 28. No answer had been received to the latter. In a statement summarizing developments, the Department called attention to the fact that "the number of wives of American citizens who have been denied exit visas from the Soviet Union exceeds 250." Department of State *Bulletin*, December 14, 1947, pp. 1194-1195.

Also by this time the disillusionment of Armenians who had returned from abroad was becoming apparent. The realities of local conditions were strongly at variance with the happiness portrayed in the campaign encouraging the return of Armenians to "their ancestral homeland". In despatch 173 from Moscow on February 7, 1948, the American Embassy reported that by January it had learned of the distress of 149 of the 151 Armenians who had come back from the United States, of whom only 6 for personal reasons did not already wish to leave. About the invitation to Armenians to return from abroad, see despatch 567 from Moscow on November 29, 1946, *Foreign Relations*, 1946, vol. VI, p. 814.

361.1121/6-347 : Telegram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

SECRET

Moscow, June 3, 1947—10 a. m.

1988. Embassy despatches 1173, April 23 and 1329, May 28.¹ Vyshinski has replied to Ambassador Smith's letter April 18² to Molotov regarding claimants to American citizenship deported to Soviet Union. He sidestepped point that Soviet officials were granted free contact with alleged Soviet citizens and refused Ambassador's request that an American consular officer have reciprocal rights to visit claimants

¹ Latter despatch not printed; it transmitted Vyshinsky's reply of May 24, summarized in this telegram.

² Not printed; but see footnote 2 to despatch 1173, p. 725.

to American citizenship by stating "those persons whose presence on Soviet territory has been established are either citizens of the USSR or citizens of a third state" and, therefore, the procedure for protecting American citizens provided in exchange of letters between USSR and USA of November 16, 1933 "is not applicable".

With reference to Ambassador's request that American citizens living in Baltic countries be allowed to return to the US Vyshinski replied that they "cannot be divested of Soviet citizenship merely by force of the fact of their birth on American territory. Therefore, the request expressed in Ambassador's letter concerning departure of these persons from Soviet Union to USA likewise cannot be considered well founded."

A reply to Vyshinski is being prepared for Ambassador's approval upon his return. Fact that no obstacles will be placed in way of Armenians (Deptel 1237, May 28³) wishing to depart from US to come to Soviet Union will be noted in reply.

DURBROW

³ Not printed.

361.1121/6-947

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

[Extract]

CONFIDENTIAL
No. 1369

Moscow, June 9, 1947.

SIR: I have the honor to inform the Department that the Embassy has just received a note dated April 1 from the American Mission in Bucharest to the effect that most of the deportation cases presented by that Mission for action by the Embassy in Moscow refer to American-born persons who were naturalized in Rumania as minors through their parents' inscription in the Rumanian nationality lists, and were subsequently expatriated under the provisions of Section 401-*a* of the Nationality Act of 1940 after reaching 23 years of age.

The Embassy has already presented most of these cases, as well as similar cases from other countries where the preferred claims to American citizenship were not fully substantiated, to the Soviet Foreign Office in routine third person notes. These notes did not demand release of the individuals as American citizens, but gave the basic facts on which the claims to American citizenship were made, and requested the Foreign Office simply to inform the Embassy of the welfare and whereabouts of the claimants and the reasons for their detention in the Soviet Union. The uninformative nature of the Foreign Office replies is well known to the Department.

Ambassador Smith's letter of April 18, 1947,¹ to Foreign Minister Molotov (Embassy's despatch No. 1173, April 23) also did not presume the American citizenship of these deportees. It did point out, however, that Soviet officials had the right to visit American displaced person camps in order to interview and examine the documents of alleged Soviet citizens and requested [in] reciprocity the similar right for an American [consular] officer to visit claimants to American citizenship held in the Soviet Union for examination of the validity of their claims. Deputy Foreign Minister Vyshinski's reply of May 24 (Embassy's despatch No. 1329 of May 28²) avoided the basic general issue and merely stated that after careful investigation by Soviet authorities those persons whose presence on Soviet territory had been established were either citizens of the Soviet Union or of a third state. This reply further ignored the Ambassador's statement that citizenship of another country does not necessarily invalidate American citizenship.

The Embassy feels it should insist on the right of an American consular officer to examine and question persons claiming American citizenship, and on the Ambassador's return will make a reply to Mr. Vyshinski's letter (Embtel 1988 June 3). The fact that some of these persons may prove to have lost such citizenship does not affect the principle involved. However, the uncooperative and even belligerent attitude of the Soviet Government as embodied in Mr. Vyshinski's reply underlines once more the fact that it is essential to have firm legal bases for all our dealings with the Soviet Government. It is not only embarrassing for the Embassy to have the Foreign Office's counter assertions verified, but it is believed detrimental to the satisfactory conclusion of justifiable cases of protection of American citizens.

It is felt, therefore, that the Embassy's present efforts to protect those persons having valid claim to American citizenship and to have an American consular officer visit and examine claimants to American citizenship will be weakened by presenting additional cases which are not sufficiently substantiated, until every possible check, outside personal interview, has been made to determine the validity of their claims to American citizenship (see Embassy's telegram No. 1322 of April 12³). Among other things, these checks should include a request to the competent authorities of the country in which the deportee was residing when taken to advise the appropriate American Mission whether that person had in any way acquired citizenship of that country, and if so, in what manner, in order that it may be determined whether such citizenship was acquired in a way that would deprive the individual of his American citizenship.

¹ Not printed ; but see footnote 2 to despatch 1173, p. 725.

² Not printed ; but see telegram 1988, Moscow, June 3, 10 a.m., *supra*.

³ Not printed ; but see footnote 1 to telegram 421, p. 722.

[Here is omitted the consideration of several individual cases for which confirmation or further investigation of validity of claims to United States citizenship was desired before proceeding with representations to the Foreign Ministry. There should be no delay, however, in seeking the release of a deportee when there appeared to be no question of his claim to citizenship, and the right should be insisted upon as a matter of principle for an American consular officer to examine and question persons claiming American citizenship, whether or not the claim should prove to be well founded.]

Respectfully,

ELBRIDGE DUSBROW

811.22/6-1647

The Chargé in the Soviet Union (Kohler) to the Secretary of State

No. 1394

Moscow, June 16, 1947.

SIR: I have the honor to report that the Embassy has received a categoric refusal from the Soviet Ministry of Foreign Affairs to consider the question of the issuance of Soviet exit visas to the wives and children of fifteen American citizens, veterans of World War II, for whom a special plea was made in the Ambassador's letter of April 30, 1947, to Mr. Molotov. Embassy's Despatch No. 1226 of May 3, 1947.¹

There are transmitted herewith, to complete the Department's records in this connection: 1. Copy of a follow-up letter addressed to Mr. Molotov by the Chargé d'Affaires ad interim on June 2, 1947; and 2. Copy and translation of the Ministry's reply, dated June 11, 1947, and signed by Deputy Minister for Foreign Affairs Malik, stating that "The Ministry of Foreign Affairs of the USSR cannot render any assistance to the Embassy in this matter".²

As the Department doubtless appreciated from the tenor of the Ambassador's note, the cases of these fifteen wives were carefully selected as being especially deserving of consideration for humanitarian, psychological and propaganda reasons and thus presenting the maximum possibilities for a successful approach to the Soviet authorities.

Almost all of them were married before World War II in territories which were not then incorporated in the Soviet Union. Their Soviet citizenship was conferred on them without their specific application by blanket decrees which gave Soviet citizenship to persons residing in those territories taken over by the Soviet Union. All of these women had made their applications for exit visas sometime during the year 1946 but without success.

¹ Not printed.

² Neither enclosure printed. Elbridge Durbrow signed the letter of June 2 as Chargé.

In view of the categoric refusal of the Soviet authorities to consider these cases, which underscores their previous negative responses in cases which they might well have been expected to find even less "deserving", the Embassy sees no hope of favorable action on the many pending applications for exit visas submitted by Soviet wives of American citizens. It is accordingly suggested that the Department consider issuing a statement and releasing to the press pertinent portions of the correspondence on this subject.³

Respectfully yours,

FOY D. KOHLER

³ The Department told the Embassy in telegram 1502 to Moscow on July 22, 4 p. m., not printed, that it was contemplating the issuance of a press release as here recommended. In order to complete its records, it asked to receive the names of all the Soviet wives of American citizens who were applying for exit visas to leave the Soviet Union. (811.22/6-1647)

361.1121/7-2547 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

[Extract]

SECRET US URGENT

Moscow, July 25, 1947—8 p. m.

2505. Personal for Thompson¹ EE. For immediate action. Unless Dept perceives serious objection I intend seek interview Molotov convey him orally and in writing contents of the two following communications. Before doing so, however, please inform me as matter of urgency if Dept has taken any position or if anything has transpired contrary to statements of fact contained therein. In event satisfactory results my *démarche* not obtained from Foreign Office within reasonable time, say 30 days, I recommend these communications and correspondence which preceded them (reEmbtel 1988, June 3, 1947, 10 a.m.) be made public in order Dept and mission not be placed in position of having take defensive attitude before American public opinion in connection with protection our citizens in Soviet Union.

[The drafts which follow of these two notes are not reproduced. The Department approved the intention to deliver the notes to Foreign Minister Molotov and in telegram 1533 on July 29, 8 p. m., not printed, sent to the Embassy many suggested alterations in the draft wording of the notes. The text of the notes as finally presented on August 5 was sent to the Department in despatch 1513 from Moscow on August 6, p. 735.]

SMITH

¹ Llewellyn E. Thompson, Jr., was chief of the Division of Eastern European Affairs.

361.1121/6-947 : Telegram

The Secretary of State to the Embassy in the Soviet Union

SECRET

WASHINGTON, July 28, 1947—1 p. m.

1523. Your despatches 1369 June 9 1173 Apr 23 etc. re protection Am citizens forcibly detained Sov Union.

Dept appreciates Emb problems this situation. Since Dept has inadequate records on most these individuals and in many cases their present detention Sov Union is first time they have come Dept's attention, it is consequently impossible make any categorical statement concerning their citizenship status under existing citizenship laws. Dept investigating individual cases and will furnish additional citizenship information wherever possible. Appropriate missions likewise being requested make investigation and report to you.¹

For those persons whose claim Am citizenship appears doubtful Dept approves your approach in requesting Am consular officer interview them. Only this way can final opinion be reached on Am citizenship status. Your action requesting immediate release those whose Am citizenship does not appear in doubt is also approved.

Every effort will be made give Emb evidence presence Sov territory or seizure by Sov authorities persons whose presence is presently denied by Sov FonOff. In view possible consequences to persons from whom this evidence obtained Dept leaves your discretion use you may wish make of it. Sov authorities should be requested state what happened to such persons not only for humanitarian considerations involved but for legal reasons case of death.

Dept will forward names claimants Am citizenship who served enemy armies for Emb information only and agrees, unless there are exceptional circumstances of which the Embassy will be informed such cases should not be presented FonOff.

In replying Vyshinski's letter (Embtel 1988 June 3) on claimants Am citizenship deported Sov Union believe it advisable you point out no assertion was made such persons have established Am citizenship but since Sov officials have been and are granted permission interview alleged Sov citizens, reciprocal rights were requested for Am consular officer examine claimants Am citizenship. Dept of opinion exchange of letters dated Nov 16 1933 does apply these cases. Even if individuals concerned have citizenship other than Am or Soviet, Am citizenship may not be affected thereby and Am con-

¹ A circular telegram was sent at this same time to the Embassies in Moscow, Belgrade, Warsaw, and Prague; to the Legation in Budapest; and to the American Representatives in Bucharest and Sofia. Any additional evidence on citizenship status or on seizure and deportation by Soviet authorities that could possibly be obtained was to be sent both to the Department and to the Embassy in Moscow. (361.1121/7-2847)

sular officer's right under this exchange of letters interview claimants Am citizenship is not invalidated.

Foregoing prepared before receipt Embtel 2505 July 25 which will be answered promptly.

MARSHALL

361.1121/8-647

The Ambassador in the Soviet Union (Smith) to the Secretary of State

[Extracts]

SECRET

Moscow, August 6, 1947.

No. 1513

SIR: I have the honor to report that on August 5, 1947, I called, at my request, on Mr. Vyshinski, Deputy Minister for Foreign Affairs, acting for Mr. Molotov in the latter's absence. I took up with Mr. Vyshinski the various topics mentioned in my two letters transmitted to the Department for comment in my telegram #2505 of July 25, 1947.

Attached are copies of the letters which I delivered to Mr. Vyshinski

As suggested in my telegram under reference, I believe that it may be advisable to publish this correspondence if no satisfactory results are obtained from our efforts. It is, of course, too early to tell what the results will be. Mr. Vyshinski was pleasant but relatively non-committal. I will make definite recommendations on this in about thirty days, by which time the decisions of the Soviet Government should be apparent.

Respectfully yours,

W. B. SMITH

[Enclosure 1]

The American Ambassador in the Soviet Union (Smith) to the Deputy Minister for Foreign Affairs (Vyshinsky)

Moscow, 8/5/47—3 p. m.

DEAR MR. VYSHINSKI: I have taken note of the statements contained in your letter of May 24 that:

"The appropriate Soviet authorities made a careful investigation into the whereabouts and citizenship status of the Americans mentioned in the Embassy's previous notes regarding these persons. As a result of the investigation it appeared, as the Embassy has already been informed in each individual case, that those persons whose presence on Soviet territory has been established were either citizens of the U.S.S.R. or citizens of a third state.

"It is therefore fully obvious that the procedure for protecting citizens provided in the exchange of letters between the U.S.S.R. and the U.S.A. of November 16, 1933, to which the Ambassador refers in his letters, is not applicable to the persons under reference."

In connection with these statements, I must reemphasize that the United States Government alone is competent to determine who is and who is not an American citizen. It is impossible that the Soviet authorities can be competent to determine that an individual is not an American citizen, as is the inference of your statements quoted above, but is actually a citizen of some state other than the Soviet Union. It is, of course, possible that an individual in addition to his claim to American citizenship may also have a claim to the citizenship of a third state. However, neither this Embassy nor the Government it represents would presume to adjudicate such a claim, and neither are the Soviet authorities competent to determine the validity of a claim to United States citizenship or that the individual making such a claim is in fact a citizen of a third state.

In this connection I must inform you that contrary to the statements contained in the Ministry's Note No. 35, dated January 17, 1947, to the effect that Margaret Fischer and John Steigerwald are not American citizens but are Rumanian citizens, the Embassy has been advised by the American Mission in Bucharest that both Margaret Fischer and John Steigerwald, according to the competent Rumanian authorities, are not Rumanian citizens, and on the basis of evidence available to the Embassy both these persons have valid claims to American citizenship only.

I, therefore, must renew my request that Miss Fischer, Mr. Steigerwald, and other similar claimants be allowed access to or a visit by an American Consular Officer in accordance with the principles of international law, the usual and long-standing established custom between countries, and the procedure specifically agreed upon in the previously referred to exchange of letters, dated November 16, 1933, between the President of the United States and the representative of the Soviet Government.

Among the similar cases referred to in the preceding paragraph are those of Louise Wolfart, Hilda Wagner, Anna Klein, Mildred Schuller, Anna Steingasser, Maria Kramer, Anna Gilde (nee Schussler), Ottilia Herbst Gross, Helen Magdalena Zultner, Frank and Joseph Gebe.

I wish to bring these cases particularly to your attention at this time. The claim of each of the above-named individuals to American citizenship has been verified as valid. Whether they may also have a claim to the citizenship of a third state is not pertinent. The Soviet authorities, nevertheless, refuse these persons the right to visit an American

Consular Officer to apply for an American passport in order to return to the United States, not on any contention that they are Soviet citizens but on the claim that they are citizens of some state other than the Soviet Union, a consideration which is not germane to the issue.

Your letter of May 24 made no reference to those claimants to American citizenship who our records show to have been seized by the Soviet authorities in Eastern and Southern Europe and sent to the Soviet Union but whose presence in the Soviet Union the Ministry has informed me has not thus far been confirmed by investigation. Apparently the investigations of these cases have not been exhaustive. I cite the case of Susanna Hertl. The Embassy in its Note No. C-261 of July 27, 1946, reported her detention at Donbass, Enakievo, Fabrika No. 23, Lager 1. In reply, the Ministry stated in its Note No. 223 of October 29, 1946, that no information regarding Mrs. Hertl was available and her whereabouts were unknown. However, the Embassy has recently been furnished with a receipt signed by Mrs. Hertl on March 28, 1947, for funds which she received at Enakievo, Stalinsk, Fabrika No. 23, Lager 1, from the Bank for Foreign Trade, U.S.S.R.

Evidence in possession of the Embassy is to the effect that the individuals on the attached list¹ actually were seized by the Soviet authorities and the dates and places of their seizure have, in some instances, been given to the Ministry in the Embassy's previous notes. Therefore, I must reiterate my request for a report on the disposition of these claimants to American citizenship after their seizure by the Soviet authorities, indicating whether they have died or whether they have been released and, if neither, their present whereabouts. These questions are of the utmost interest to the United States Government and to the relatives in the United States of the persons detained.

With reference to the question of American citizens and claimants to American citizenship who are asserted by the Soviet authorities to be Soviet citizens, I wish to refer first to the matter of Alf Varjas.² As the Ministry of Foreign Affairs was informed in Note Nos. C-405, dated April 26, and C-520, dated May 28, 1947, the Ministry is not apparently in possession of all the facts relating to this case. The Ministry is, it seems, not aware of the circumstances that Mr. Varjas, when residing in Estonia as a child, bore identification documents annotated by the Estonian authorities to show that he was considered by them to be a foreigner living in Estonia, and also that he was issued an American passport at Tallinn on June 18, 1936, that he was registered as an American citizen by the American Legation at Tallinn on July 2, 1940, and that his name was included in American Passport No. 124 issued June 10, 1941, by this Embassy

¹ Not printed. The names of 23 individuals were mentioned.

² The alternate spelling for this name is "Vargas".

to his father, Mihkel Varjas. Accordingly, in view of the foregoing, I request that Mr. Varjas be granted permission to leave the Soviet Union.

While the case of Vaiki Aipuk is similar to that of Alf Varjas, the Embassy is not in possession of sufficient evidence to ascertain whether she was actually residing in Estonia as an American citizen as was the case with Varjas and therefore it is possible that she was considered to be also an Estonian citizen.

You have stated with regard to the cases of Alf Varjas and Vaiki Aipuk that these persons cannot be divested of Soviet citizenship merely by force of the fact of their birth on American territory. I wish to remind you that by the same token a person cannot be deprived of American citizenship merely by the assertion that he is considered a Soviet citizen. The fact that an individual may have claim to some citizenship other than that of the United States does not of itself deprive him of the protection and interest of this Embassy to which he is entitled by virtue of his American citizenship and international comity.

I must renew my request that Mr. Varjas and Miss Aipuk, as well as the other American citizens who desire to proceed to the United States, be now permitted to depart from the Soviet Union at will. Many of these persons have been endeavoring to return to the United States for several years. I cite, for instance, the case of Eleonora Carneckis who was the subject of no less than five communications to the Ministry, the latest being Note No. C-721 of July 23, 1947. No replies have been received to these communications.

The cases mentioned above and other pending cases, of which these are typical, are of sufficient importance from a legal as well as a humanitarian point of view to justify my request that you give them your personal attention and that the Embassy be favored with the earliest possible reply in order that I may report to my Government, which is deeply concerned that persons with valid claims to American citizenship be allowed to return to the United States when they so desire and not be detained by the Soviet authorities against their will.

Please accept, Mr. Vyshinski, the assurances of my highest consideration.

[Enclosure 2]

*The American Ambassador in the Soviet Union (Smith) to the
Deputy Minister for Foreign Affairs (Vyshinsky)*

Moscow, 8/5/47—3 p. m.

DEAR MR. VYSHINSKI: I am compelled to bring to your attention and to request your immediate personal intervention to rectify a most

serious situation which has been caused by the refusal of the Soviet authorities to permit American citizens to depart from the Soviet Union.

There is attached hereto a summary of the facts of four cases of American citizens³ who, for periods varying from nine to fifteen weeks, have endeavored without success to obtain Soviet exit visas. In all these cases the individuals concerned not only are properly documented by the American Embassy as American citizens but also are documented by the competent Soviet authorities as persons not having Soviet citizenship. The Soviet authorities' decisions that these individuals are not Soviet citizens are in full accord with the circumstances surrounding their foreign residence and with their previous documentation.

It is inconceivable that these American citizens, who are recognized by Soviet officials as persons without Soviet citizenship under Soviet law, are unable to obtain exit visas.

I therefore request that immediate instructions be given to accord all of these persons authorization to depart from the Soviet Union on their American passports.

I take this opportunity to renew to Your Excellency the expressions of my highest consideration.

³ The summaries are not printed. The persons involved in these cases were Dr. Vera Danchakoff, Nicholas Berezny, Theodore Lubocky and his son John, and Stefan Tsimbalisti.

361.1121/7-2547

*The Deputy Minister for Foreign Affairs (Vyshinsky) to the American Ambassador in the Soviet Union (Smith)*¹

[Translation]

Moscow, August 26, 1947.

DEAR MR. AMBASSADOR: Acknowledging the receipt of your note of August 22 of this year regarding the question of the departure from the Soviet Union of various persons named in your letter of August 5 and in your conversation with me of that date,² I must draw your attention to the fact that in the indicated letter and conversation you

¹ Filed as an enclosure with despatch 1581 from Moscow on August 28.

² On August 22, Ambassador Smith sent to the Department in despatch 1572 from Moscow, not printed, the copy of another letter which he had written on that day to Vyshinsky. The Ambassador recalled several cases of American citizens who were not being granted permits to leave the Soviet Union which he had discussed more than two weeks ago, and those whom he had included in his second letter of August 5. No word had yet been received whether exit visas had been granted to them. Now an additional, similar case of an American citizen, Francisco Fernandez, who had also been refused an exit visa was called to Vyshinsky's

Footnote continued on following page.

named forty-four persons, the checking of whose cases will obviously require a considerable time, and, in any event, a longer time than that which has expired since my receipt of your letter and the conversation which took place between us. I must also add that the indicated cases, broken down by you into four categories, appear rather complicated and intricate, as for example, in the case of Viki Eipukt,³ discussed in your letter of August 5 and your remarks in the conversation with me of the same date, the Embassy itself has no certainty of the incontestability of her American citizenship.

Under these circumstances there is no basis for any preconceived interpretation whatsoever of the position of the Soviet Government in regard to the indicated cases and even less for any misplaced deduction that American citizens are detained in the Soviet Union in contravention of accepted principles of international law and custom bearing upon the treatment of citizens of friendly powers.

It cannot be unknown to you that the detainment in this matter occurs in consequence of the fact that the Soviet authorities dispute the American citizenship of some or others of these persons. In addition, a significant part of the persons indicated by you are not, according to the data of the appropriate, competent organs, located on the territory of the Soviet Union and, consequently, there can be in general no question of delay in granting these persons exit visas.

An answer regarding the points of the cases broached in your letters of August 5 and 22 will be given to you after the conduct of a careful investigation.

Accept [etc.]

A. YA. VYSHINSKI

Footnote continued from previous page.

notice. Ambassador Smith concluded his letter of August 22 with these observations:

"I must insist that immediate action be taken to accord Soviet exit visas without further delay to the American citizens mentioned above and to others in like circumstances.

"Because of the importance which my Government attaches to this matter, I again request your personal and immediate intervention." (361.1121/8-647)

³ Referred to in Ambassador Smith's first letter of August 5 as Vaiki Aipuk.

361.1121/7-2547

*The American Ambassador in the Soviet Union (Smith) to the Deputy Minister for Foreign Affairs (Vyshinsky)*¹

Moscow, August 28, 1947.

MY DEAR MR. VYSHINSKY: In reply to your letter of August 26th, I must draw your attention to the fact that my letter of August 22nd

¹ Sent to the Department by the Ambassador as an enclosure in despatch 1581 from Moscow on August 28.

referred only to the cases of Vera Danchakoff, Nicholas Berezny, Stefan Tsimbalisti and Theodore Lubocky and his son John, and the analogous case of Francisco Fernandez. You will recall that the first four of these cases were treated separately in one of the two communications I delivered personally to you on August 5th. Attached to this communication was a summary of the facts of these four cases.

In all these cases the individuals concerned not only are properly documented by the American Embassy as bona fide American citizens but also are documented by the competent Soviet authorities as persons not having Soviet citizenship. At the time of our conversation these persons had been endeavoring without success for periods varying from nine to fifteen weeks to obtain Soviet exit visas.

Since the Soviet Government has already acknowledged that these individuals are not claimed by the Soviet authorities as Soviet citizens, and since their status as American citizens is fully established, no investigations of these cases should be necessary, the question being simply one of setting in motion the mechanism necessary to provide these American citizens with Soviet exit visas. It is for that reason that I reiterated my previous request for your personal intervention in order that immediate instructions may be given to accord these persons authorization to depart from the Soviet Union on their American passports.

With regard to the other thirty-nine cases specifically mentioned in our conversation and accompanying letter of August 5th, I realize that the Soviet authorities may find some further investigation desirable. However, in view of the fact that these cases have been pending for a considerable time, some indeed for almost a year and a half, and have already been the subject of repeated communications, I am sure you will not consider me impatient in requesting the earliest possible decision in each individual case.

I am, my dear Mr. Vyshinski,

Sincerely yours,

W. B. SMITH

Editorial Note

The Embassy in the Soviet Union sent two lists in despatch 1617 dated September 10, not printed, containing names of persons who had left the Soviet Union for the United States. The first list contained the names of 61 American citizens, accompanied by 5 aliens, who had been repatriated during 1946, and the names of 39 American citizens, accompanied by 3 aliens, who had been repatriated through September 5 during 1947. The second list gave the names of 44 immi-

grants who had proceeded to the United States during 1946 and through September 5, 1947. (861.111/9-1047)

361.1121/10-647

*The American Ambassador in the Soviet Union (Smith) to the Minister for Foreign Affairs (Molotov)*¹

Moscow, October 3, 1947.

YOUR EXCELLENCY: I have received Mr. Vyshinski's letter dated September 3, 1947, written in reply to my letter of August 14, 1947 and my *aide-mémoire* of February 1, 1947² regarding John Peter and Lauraine Elizabeth Jadwalkis.

I have noted the last two paragraphs of his letter, which state that

"Inasmuch as the term of validity of the passport of Ionas and Laurina Iodvalkis expired in 1933, and was not renewed, these persons acquired Soviet citizenship in 1940, in accordance with Article 1 of the *Ukaz* of the Presidium of the Supreme Soviet of the U.S.S.R. of September 7, 1940,³ as minor children residing with their mother—a Lithuanian citizen.

"In view of the above-mentioned circumstances, and considering that the above-mentioned persons are not American citizens, the Soviet authorities cannot fulfill the Embassy's request for furnishing the Embassy information which is of interest to it in regard to these persons."

I observe that the acquisition of Soviet citizenship by these persons in 1940 is directly predicated, as Mr. Vyshinski expresses it in his letter, upon the circumstance that the validity of their American passport terminated in 1933, and that the passport was not renewed. I must point out that the expiration in 1933 of the term of validity of their passport is an event without significance in connection with the American citizenship of these persons. They were in 1940 and are today considered to be American citizens by my Government. It is therefore evident that the Ukaze of 1940 does not apply in their case and that the extension of Soviet citizenship to these American citizens was consequently based on an error.

I accordingly renew herewith my request for a report on the present circumstances of these American citizens, and the reasons for their imprisonment, if they are deprived of their liberty. Furthermore, I request that if these persons are incarcerated, arrangements be made promptly to permit an interview between them and an Embassy officer. If, however, they are at liberty within the Soviet Union, I

¹ Copy enclosed in despatch 1696 from Moscow on October 6.

² Not printed; but see footnote 1, p. 719.

³ *Foreign Relations*, 1940, vol. I, p. 438.

should appreciate receiving information which will enable the Embassy to communicate with them.

With reference to the last paragraph of Mr. Vyshinski's letter, I must again stress the obvious fact that only the competent officers and agencies of the American Government are qualified to make authoritative statements on questions of American citizenship.

Therefore, the statement mentioned in the last paragraph of the letter under reference, "considering that the above-mentioned persons are not American citizens" is, I am sure you will agree, a premise which cannot be considered as a basis for this discussion, since it is not in accord with fact.

In addition, I beg to draw attention again to the fact that the prolonged delay on the part of the Soviet authorities in dealing with the case of the American citizens John Peter Jadwalkis and his sister Laurraine Elizabeth, as well as the position taken in the various communications from the Soviet Government on this subject, would seem to be contrary to the obligations assumed by the Soviet Government in the agreements of November 16, 1933, to which I referred at length in my *aide-mémoire* of February 1, 1947.⁴

Accept [etc.]

W. B. SMITH

⁴ A second and a third letter, neither printed, were sent at this same time to Foreign Minister Molotov by Ambassador Smith. In the former letter the Ambassador recalled his letters of August 5 to Deputy Foreign Minister Vyshinsky concerning American citizens who had been unable to obtain exit visas to leave the Soviet Union. Since that time two persons had been allowed to depart, but the Ambassador requested Molotov's intervention in other instances in which no action had been taken by Soviet authorities despite prolonged delays. In the latter letter he again alluded to the cases of 39 persons, claimants to American citizenship, who were detained in the Soviet Union, which he had also called to Vyshinsky's attention on August 5. Now several more, similar cases upon investigation were found to be in the same category. Ambassador Smith again requested personal intervention by Molotov to expedite replies with regard to these various individuals, and expressed his hope that "these matters can be settled satisfactorily in the very near future so that further misunderstanding will not arise therefrom."

Among the topics discussed in a conversation on November 10 between Oscar C. Holder, chief of the Consular Section of the Embassy, and Izmail Bedredinovich Konzhukov, the deputy chief of Consular Administration of the Ministry of Foreign Affairs, reported in a memorandum enclosed in despatch 1831 on November 13, not printed, were the questions of exit visas for 44 persons; entry visas for 5 persons; the general policy regarding exit and re-entry visas for Embassy personnel (2 persons specifically); and the whereabouts of Isaiah Oggins. (124.616/11-1347)

YUGOSLAVIA

EFFORTS OF THE UNITED STATES TO MAINTAIN FRIENDLY RELATIONS WITH YUGOSLAVIA; ASSERTION OF THE RIGHTS AND IMMUNITIES OF AMERICAN DIPLOMATIC PERSONNEL AND AMERICAN CITIZENS IN YUGOSLAVIA; NEGOTIATIONS FOR THE MUTUAL RESTORATION OF PROPERTY AND THE SETTLEMENT OF CLAIMS; THE QUESTION OF THE TURNING-OVER TO YUGOSLAV AUTHORITIES OF YUGOSLAV CITIZENS UNDER AMERICAN CONTROL OUTSIDE YUGOSLAVIA¹

860H.00/1-747 : Telegram

The Chargé in Yugoslavia (Hickok) to the Secretary of State

TOP SECRET NIACT

BELGRADE, January 7, 1947—2 p. m.

17. Most Important and Urgent. Mytel 16 of Jan 6.² All defendants were convicted of carrying on political warfare by giving state and military secrets and false news to foreign i.e., American spies (prosecutor repeatedly named Pridonoff, Shantz and Kasunich³ in this connection) which could have effect of provoking intervention "of another country" i.e., America, breaking off diplomatic relations and economic warfare.

Appeals by defense were filed today to National Presidium for clemency for those condemned to death. Decision of Presidium will

¹ For previous documentation on these topics, see *Foreign Relations*, 1946, vol. vi, pp. 867 ff.

² Not printed; it reported on the sentences handed down by the Serbian Supreme Court in the Belgrade espionage trial of December 31, 1946-January 4, 1947. Eight persons had been accused of espionage against Yugoslavia involving employees of the American Embassy. Of those accused, Miliutin Stefanovich, a translator for the American Embassy, was sentenced to death by hanging, Zelkjo Sushin, a former Yugoslav partisan officer, and Branko Jovanovich, a journalist, were sentenced to death by shooting, former Yugoslav Prime Minister Milos Trifunovich, Alexander Ilich, a former employee of the Yugoslav diplomatic service, and Sinisha Zdrakovich, an engineer, were sentenced to eight-years imprisonment, Grgur Kostich, a journalist and perfume merchant, was sentenced to seven-years imprisonment, and Konstantin Stankovich, an engineer and son-in-law of Trifunovich, was sentenced to four-years imprisonment. (860H.00/1-647) The executions were carried out on January 14, 1947. Chargé Hickok submitted a detailed report on the trial in despatch 592, January 13, from Belgrade, not printed (124.60H3/1-1347).

³ Eric L. Pridonoff was an economic analyst in the American Embassy during 1945. Harold Shantz was Counselor of Embassy in Belgrade in 1945 and 1946. Lt. John D. Kasunich was Assistant Naval Attaché and Assistant Attaché for Air in the American Embassy in 1945. For previous documentation regarding the accusations by Yugoslav authorities of the involvement of these and other American Embassy personnel with an alleged espionage organization working against the Yugoslav Government, see *Foreign Relations*, 1946, vol. vi, pp. 954, 962, 968, and 975.

probably be given tomorrow and will almost certainly be negative. Appeal for Stefanovich is on basis he is father of three, was not paid for work but acted for ideological reasons, political opponents are not executed anywhere, did not work against country during occupation, was not accepted for employment by own government therefore worked for Americans, never previously convicted.

Trial proved that Stefanovich and Jovanovich brought Pridonoff and Sushin, discontented ex-partisan captain and Commissar, together for talks about minor military and political "secrets" like information on anti-aircraft around Belgrade, make of war planes at Zemun airdrome, list of OZNA members, biographical details on Yugoslav Ambassador in Moscow, and also supplied Pridonoff, Shantz and Kasunich with numerous written and oral reports of general information gained with aid of Ilich and Kostich.

Trial also proved Zdravkovich political report seen and slightly modified by Trifunovich and handed Pridonoff by Trifunovich's son-in-law, Stankovich. Prosecutor alleges this report contained false news and could have provoked intervention, etc. Stevanovich and Trifunovich groups are connected only by having both given reports to Pridonoff.

Trial showed that Pridonoff was active in seeking secret information through Stefanovich group and paid 3,000 dinars (\$60) to Sushin for what he received. In this sense Pridonoff was shown to have acted in manner of spy. Nothing like this was shown regarding any other Embassy official.

As Stefanovich's defence, Alexich,⁴ bravely pointed out, this was primarily political trial in which persons dissatisfied with regime gave Americans information on internal situation. He said "we have here problem of two political ideologies, western and eastern democracy." In trial we think govt obviously wanted to hurt Embassy and standing of US here. As prosecutor said, "there is still small group of people working against results of new liberation struggle and trying to bring about intervention by another country and change in govt. Trial will have result of causing the people to pay more attention to this small group".

Stefanovich never admitted during trial he served foreign spies, and told court he was forced to sign statement on which indictment was based by being kept standing thirty hours under guard and being told they had other means of persuading him if he refused.

We think Dept should urgently address note to Marshal Tito⁵ disavowing acts of Pridonoff as having had an entirely personal, un-

⁴ Bogoslav Aleksich was defense-lawyer for Stefanovich.

⁵ Marshal Josip Broz-Tito, Yugoslav Prime Minister and Minister for National Defense.

official, unauthorized and unimportant character and asking in interest of our future good relations that the sentences of three condemned men be commuted. To avoid execution before Dept can act we are addressing note to Marshal Tito saying Dept's message is under way and asking stay of execution.⁶

Also we think we should be authorized issue statement to press clearing Embassy and especially Shantz of any responsibility or desire to be involved in such matters, stating we have been shocked by all aspects of trial, especially extent to which name of our ex-Chargé d'Affaires was drawn in without evidence and pointing to hope that our mutual relations will improve.

We think we cannot without taking this or similar action continue to hold our heads up as representatives of a great nation in Yugo, and that especially to save the condemned would go far towards removing much of the adverse effect of trial as regards US and also do a fairness to these men so undeservedly and harshly condemned.

HICKOK

⁶ The text of Chargé Hickok's message of January 7 to Marshal Tito was transmitted to the Department in telegram 18, January 17, from Belgrade, not printed (860H.00/1-747).

124.60H3/1-847 : Telegram

The Secretary of State to the Embassy in Yugoslavia

TOP SECRET NIACT

WASHINGTON, January 8, 1947—4 p. m.

16. Urtels 17 and 18 Jan 7.¹ Our views communicated Deptel 14 Jan 7² should be transmitted FonOff as instructed therein. Despite humanitarian interest in unfortunate fate Stefanovich and others Dept does not feel much likelihood obtaining mitigation sentences already imposed by Yugos on Yugos nationals.

However, if Tito has not already made negative reply your letter you may address him further communication transmitting copy of note forwarded FonOff in accordance Deptel 14 and adding that with reference charges on which Yugos were convicted Pridonoff has denied to Dept having paid any money for info he obtained and has stated that info he sought and received was generally known and available. You may conclude that in view of results US Govt's investigation set forth in note and of Pridonoff's denial, it is hoped Yugos authorities may see fit to suspend execution death sentences pending further in-

¹ Telegram 17 under reference here is printed *supra*. Telegram 18 transmitted the text of Chargé Hickok's message of January 7 to Marshal Tito asking a stay of execution for the three Yugoslavs condemned to death in the recent spy trial. Neither the letter nor the telegram is printed (860H.00/1-747).

² Not printed; it contained instructions regarding the delivery of a note to the Yugoslav Foreign Ministry. The note, dated January 10, is printed *infra*.

vestigation as to whether such penalties should not be mitigated by clemency.

As regards publicity, for your info, Dept spokesman informed press when trial opened that charges are without foundation and added for background that Emb personnel had not been engaged in any unfriendly or improper activities. He stated further also for background that purpose trial appeared to be to embarrass Emb and to silence and discredit Trifunovich and other opposition elements.

Accordingly, no statement by you seems necessary but if asked you may inform correspondents of Dept spokesman's on record remark.

BYRNES

124.60H3/1-1347

*The Chargé in Yugoslavia (Hickok) to the Yugoslav Prime Minister (Tito)*¹

BELGRADE, January 10, 1947.

MY DEAR MR. PRIME MINISTER: With reference to my communication of January 7, I have the honor to inform Your Excellency upon instructions² from my Government that the United States Government has fully and carefully investigated the charges raised in your note of September 10, 1946³ and in the trial of certain Yugoslav subjects just concluded. It has found and categorically states that Embassy officers have not engaged in subversive or unfriendly activities aimed against your Government, nor have they offered support or assistance from United States sources to opponents of your Government.

My Government protests vigorously against charges of this nature being made by the Yugoslav Government against representatives of a friendly state. As Your Excellency may remember telling Senator Pepper over a year ago,⁴ the Embassy was and is entitled to inform the American Government of developments and trends in Yugoslavia. To do so at the time of the so-termed acts of espionage it was necessary that contacts be made with all sections of the people, including, inevitably, those in opposition to the existing Government.

The purpose of these contacts was not subversive and it is incredible that the word "espionage" should be used in connection with the actions

¹ The source text was transmitted to the Department as enclosure No. 2 to despatch 592, January 13 from Belgrade, not printed.

² The instructions under reference were set forth in telegram 16, January 8, to Belgrade, *supra*.

³ A summary of the note under reference here was sent to the Department in telegram 939, September 18, 1946, from Belgrade. Telegram 939 is not printed, but see footnote 76, p. 954, *Foreign Relations*, 1946, vol. VI.

⁴ For a report on the meeting of October 29, 1945 between Marshal Tito and Senator Claude D. Pepper of Florida, see telegram 601, October 30, 1945, from Belgrade, *ibid.*, 1945, vol. V, p. 1276.

of representatives of the United States Government which has demonstrated so clearly its interest in the rehabilitation of Yugoslavia. Incredible though this may be, the recent trial appears to have left a widespread impression that the unusual severity of the sentences meted out to the accused was due in large part to their connection with representatives of the American Embassy in Belgrade. It is believed that an act of clemency on the part of your Government toward the condemned would go far to alleviate that impression, an impression which I am sure is not desired by your Government, and it is the hope of my Government that such an act will be found to be possible.

Respectfully yours,

T. A. HICKOK

124.60H3/1-1347

*The American Embassy in Yugoslavia to the Yugoslav Ministry of Foreign Affairs*¹

No. 13

The American Embassy presents its compliments to the Ministry of Foreign Affairs, and upon instructions from its Government, has the honor to state the following:

The United States Government has carefully examined the Yugoslav Government's charges of "unfriendly" activities on the part of various American personnel of the Embassy at Belgrade, and after a full investigation of the allegations made, it finds that the attitude imputed to Embassy officers is entirely unfounded. The Embassy has not engaged in subversive activities, and has never offered any support or assistance from any United States sources to opponents of the Yugoslav Government. The United States Government accordingly must protest vigorously against the Yugoslav Government making such charges against representatives of a friendly government.

Although rejecting the above charges, the United States Government is willing, as a gesture of good faith, to accede to the Yugoslav Government's oral request for withdrawal of those members of the Embassy staff allegedly involved, and is therefore taking steps to remove them from Yugoslavia at the earliest possible moment.

The Embassy avails itself of this opportunity to renew to the Ministry of Foreign Affairs the assurances of its high consideration.

BELGRADE, January 10, 1947.

¹ This note was delivered in pursuance of instructions contained in telegram 14, January 7 to Belgrade, not printed (124.60H3/1-747). The source text was transmitted to the Department as enclosure No. 3 to despatch 592, January 13 from Belgrade, not printed.

860H.00/1-1147 : Telegram

The Chargé in Yugoslavia (Hickok) to the Secretary of State

TOP SECRET

BELGRADE, January 11, 1947—4 p. m.

34. Accordance with Department's instructions, we delivered notes to Tito and Foreign Office yesterday substantially as indicated (Deptels 14, January 7¹ and 16, January 8). Text of our notes being forwarded airmail.

Foreign Office at first refused receive our note for "formal and material reasons". Brilej, Chief Political Section, told us Yugoslav Government already informed of note's contents by various agencies including Tanjug and did not consider this "normal diplomatic channel". He added "since note already released to press, Yugoslav Government can only conclude that no real facts in note". We think he meant by this, note was another effort by US Government to use press to attack Yugoslav Government as claimed in slave labor case (Embdesp 528, October 31²). This was formal reason for refusal.

When Brilej began giving "material reasons" for refusing note, he was suddenly called out of room and returning said he had just received new orders to accept note. His government he said would give us written reply. He accepted Tito note without hesitation.

Unless Department released note,³ it is probable Brilej's reference to contents based upon BBC item in 9 o'clock broadcast same morning which in turn was probably based on fabrication of local Reuters man. Embassy when questioned subsequent delivery gave trend of note but referred press to Foreign Office for contents.

Belgrade press this morning announces Praesidium met yesterday and decided to reject appeals of condemned men. They have probably already been shot.

HICKOK

¹ Telegram 14, January 7, to Belgrade, is not printed, but see footnote 1 to the American Embassy's note of January 10, *supra*.

² The despatch under reference is not printed. For the text of the note setting forth the United States protest against the Yugoslav use of American citizens for slave labor, delivered to the Yugoslav Foreign Minister on October 18, 1946, see Department of State *Bulletin*, October 27, 1946, p. 761.

³ The text of the note of January 10 had not been released by the Department.

860H.00/1-1547 : Telegram

The Chargé in Yugoslavia (Hickok) to the Secretary of State

SECRET

BELGRADE, January 15, 1947—3 p. m.

45. Embtel 43, January 14.¹ The text of Foreign Office note 4601 of January 14 follows:

¹ Not printed; it reported on the newspaper announcements of the executions of Stefanovich, Sushin, and Jovanovich (860H.00/1-1447).

"The Ministry of Foreign Affairs presents its compliments to the US Embassy, and with reference to the Embassy's note No. 13 of January 10, 1947 and to the personal letter of the Chargé d'Affaires to the Prime Minister of the Government of the FPRY,² has the honor to state the following:

The Yugoslav Government rejects the protest of the US Government as being unfounded. Both in the course of the whole investigation, and during the trial the accused insisted that they had been working in accordance with instructions from certain members of the staff of the American Embassy in Belgrade, and that they had been receiving money from members of the American Embassy's staff for their treasonable activities.

Besides, documents and material proofs, which are irrefutable evidence of the subversive terroristic nature of the activities in which the accused had been engaged were not produced at the trial, nor was the fact that the latter had received those means from certain members of the American Embassy's staff.

The latter fact was not mentioned at the public trial because it was not relevant for the establishing of the guilt of the accused, and because the Yugoslav Government endeavored as a friendly gesture to avoid making public the material which was not of importance as concerns the passing of the sentence.

Also, the Yugoslav Government informed Ambassador Patterson, even while the investigation was still in progress, of the evidence against the members of the Embassy staff, so as to make it possible, by this friendly gesture, for the Government of the US to investigate the activities of its officials and define its attitude.

The Yugoslav Government, has thus shown the greatest comity and delicacy in this matter, and noted with regret that the American Embassy failed to react in any way to the information made available to it.

The Yugoslav Government agrees with the Government of the US that the members of the American Embassy's staff involved cannot in future carry on their functions in the Federative People's Republic of Yugoslavia. It will accordingly hand in to the American Embassy a list of their names at a very early date.³

The Ministry of Foreign Affairs avails itself of this opportunity to renew to the American Embassy the assurance of its high consideration."

HICKOK

² *Ante*, p. 748.

³ Telegram 68, January 24, from Belgrade, not printed. reported that all those persons who would probably be listed by the Yugoslav Foreign Ministry would have departed from Yugoslavia by the end of January 1947 (860H.00/1-2447).

124.60H3/1-2447

*Memorandum by the Director of the Office of European Affairs
(Matthews) to the Under Secretary of State (Acheson)*¹

TOP SECRET

[WASHINGTON,] January 24, 1947.

Subject: Intimidation and Arrest by Yugoslav secret police of Yugoslav employees of Embassy Belgrade; death sentence given by Yugoslav court to American citizen.

Recent reports from Belgrade, both carried in the press and telegraphed by our Embassy, reveal an increasing number of actions by OZNA, the Yugoslav secret police, in intimidating and arresting Yugoslav nationals employed by the Embassy at Belgrade. Milutin Stefanovich, a translator, was arrested in April, 1946, tried in January, 1947 on espionage charges, found guilty and shot. Jennie Tomich, a clerk, whose mother resides in the United States, was arrested in January, 1946, released several weeks later without explanation, re-arrested in September, 1946 and at last reports was in a prison hospital as a result of the treatment she received. Melissa Markovich, another translator, was arrested on January 17, 1947 on charges of activity against the Government. Another woman employed in the Embassy has recently been interrogated on three occasions, and on her refusal to collaborate with OZNA was told "it is war to finish" (see attached telegram 48 January 18 from Belgrade²). One of the Embassy's chauffeurs was questioned and his house was searched on January 16, 1947. One Ivan Pintar, a native born citizen who went to Yugoslavia in 1933 and has resided there since, was arrested, charged with aiding subversive elements and with having promised to obtain assistance through the Zagreb Consulate. On January 21, 1947 he was sentenced to be shot. We have made representations to the Yugoslav authorities in his behalf, but no decision on his appeal has yet been announced.

These actions of the Yugoslav authorities must apparently be viewed as part of a premeditated plan to impede and interfere with the Embassy's activities and intimidate its personnel, American as well as foreign—the Foreign Office has indicated, as a result of our statement that we would withdraw the three Americans still in Yugoslavia implicated in the Stefanovich trial, that it will furnish a list of individuals who are *persona non grata*. The Yugoslav aim may be to force the withdrawal of our Mission. At least it seems clear the Yugoslavs wish to curtail its activities to such an extent that it can only perform the most routine functions and thus eliminate the Embassy's prestige

¹ This memorandum was prepared in the Division of Southern European Affairs for Matthews' signature. The memorandum reached the Under Secretary's office on January 27.

² Not printed

and influence in Yugoslavia. Our Yugoslav employees, realizing that the Embassy cannot protect them effectively, are now in a state of almost complete demoralization, and the American personnel is somewhat uneasy over its own position.

Accordingly, it is recommended that:

(1) As a first step you call in Ambassador Kosanovich to discuss this matter. If this meets with your approval, you might wish to point out that we have observed with increasing dissatisfaction the growing number of molestations by the Yugoslav secret police of the Embassy's Yugoslav employees. Since these employees perform only routine functions, such activities of OZNA, so contrary to customary practices between States, can only be understood if viewed as a deliberate attempt to impede the normal functioning of the Embassy and to intimidate its alien employees. You might care to mention that the continuation of such actions by the Yugoslav authorities can only lead to further deterioration in the relations between the two countries.³

(2) Consideration be given to replacing with American citizens to the greatest possible extent the 38 Yugoslav employees of the Embassy at Belgrade and the 12 Yugoslav employees of the Zagreb Consulate. FP, however, indicates there are no funds for the employment of additional Americans this year.

(3) Consideration be given to obtaining clearance for Yugoslav employees from the Yugoslav Foreign Office as is the practice of our Embassies at Moscow and Warsaw. A draft telegram to Belgrade requesting information on this possibility is enclosed for your approval if you concur in this suggestion.⁴

(4) If Pintar, despite our representations, is shot, consideration be given to releasing a press statement setting forth our efforts to have the sentence reduced and denouncing the execution as a denial of justice as understood and practiced in all civilized countries.

(5) Should persecution of American citizens continue, the Department seriously consider refusing to issue or validate American passports for travel to Yugoslavia except on most urgent and necessary business. Such a press announcement might cite that that decision was being taken because of this Government's inability to extend effective

³ In the source text, the following additional sentence was crossed out by Matthews:

"You might also wish to add that while we hope the Yugoslav authorities will take the necessary steps to put an immediate stop to the persecution of the Embassy's Yugoslav personnel, we are under no illusion that these steps will actually be taken."

⁴ Matthews wrote the following marginal notation opposite this paragraph: "I dislike this if we can avoid it." The draft telegram under reference was not attached to the source text.

protection to American citizens in Yugoslavia, in view of the attitude of the present Yugoslav Government toward the exercise of the judicial process.

H. FREEMAN MATTHEWS

740.00116 EW/1-1547 : Telegram

*The Secretary of State to the Office of the United States Political
Adviser for Germany, at Berlin*

SECRET

WASHINGTON, January 27, 1947—noon.

213. Deptel 2075 to Berlin, Oct 10, 1946, Berlin's tel 140, Jan 15.¹ Following statement Dept policy re Yugo requests for surrender alleged war criminals or collaborators of any nationality transmitted for your information and guidance in cases referred to you by military authorities :

1. Where Yugos request surrender as war criminals of persons of any nationality whom US authorities wish to try for offenses subject to jurisdiction of US military tribunals you should advise against surrender, notifying Dept.

2. Requests for surrender Yugo nationals as collaborators will be referred to Dept and carefully screened by it, and no persons surrendered who appear wanted for primarily political reasons.

3. Surrender of requested war criminals of any nationality who will not be tried in US tribunals, or collaborators guilty of serious offenses, not wanted primarily political reasons, will be recommended on basis Dept's decision each case based on following principles: In cases of alleged war criminals of any nationality delivery will not be recommended where persons in question are not listed by United Nations War Crimes Commission, unless clear statement charge and satisfactory evidence is presented American authorities. Listing by UNWCC should not, however, be in itself sufficient basis for surrender. Surrender of persons listed by UNWCC merely as suspects rather than as accused will not be recommended in absence clear statement of charge and satisfactory evidence. In cases persons not listed by UNWCC, Dept will contact office US rep. UNWCC, London to ascertain whether Commission has refused listing.

4. In no case will Dept agree to surrender unless request accompanied by clear statement of law violated, acts charged as violation, and evidence affording reasonable support to charge.

Sent Vienna as 69; Rome as 112; repeated to Belgrade as 43.

G. C. MARSHALL

¹ Neither printed.

811.503160H/1-3047 : Telegram

The Chargé in Yugoslavia (Hickok) to the Secretary of State

SECRET

BELGRADE, January 30, 1947—8 p. m.

84. Reference Department's telegram 20, January 9¹ and Embassy's telegram 38, January 13.² After repeated delays and postponements Embassy succeeded obtaining informal interview Foreign Office this morning. Foreign Office states memo forwarded to Economic Ministries, no answer received, and matter entirely out of Foreign Office's competency. Foreign Office spokesman explained nationalization law³ completely altered situation. Succeeding regulations which government will issue will determine points raised in Embassy memo. Prior to issuance these supplementary regulations spokesman felt no progress could be made in property negotiations. No information as to date issuance regulations but spokesman did not believe they would appear "in immediate future". Understand British have been informally told no regulations for past 3 or 4 months. Refusals to discuss nationalization before supplementary regulations issued encountered by other missions here. Current practice Economic Ministries refers Embassies to Foreign Office for all information thus completing circle.

Yugoslav Government appears to be attempting to use settlement of nationalized property issue as bargaining lever for trade and loan concessions. If Yugoslav Government has any reason to feel its blocked balances in US⁴ may be released in near future it can be expected to postpone negotiations until after that event. Embassy appreciates difficulties in retaining balances indefinitely but emphasizes they represent only element in current situation which may persuade Yugoslav Government to effect acceptable settlement. Full report recent nationalization developments follows.

HICKOK

¹ Not printed; it instructed the Embassy to discuss urgently with the Yugoslav Foreign Ministry the desire of the United States to negotiate a settlement of pending questions involving American property interests in Yugoslavia. (811.-503160H/1-947)

² Not printed; it reported that the substance of the Department's instructions had been taken up with the Yugoslav Foreign Ministry on January 13 (811.-503160H/1-1347).

³ December 5, 1946.

⁴ Yugoslav assets in the United States had been blocked by the Treasury Department in 1941 in common with the assets of other German-occupied countries. Yugoslav private assets on deposit in various financial institutions in the United States amounted to an estimated \$13 million in 1941. Accretions and depletions allowed by law may substantially have altered this figure by 1947. Yugoslav Government assets, which were on deposit in the Federal Reserve Bank in New York and had been subject to withdrawals by the Yugoslav Government in Exile in 1942-1944 and by the Yugoslav Provisional Government in 1945, amounted to approximately \$47 million (\$46.8 million in gold).

860H.48/2-347 : Telegram

The Chargé in Yugoslavia (Hickok) to the Secretary of State

SECRET

BELGRADE, February 3, 1947—3 p. m.

97. ReDepcirtel January 28, 6 p. m.¹ Embassy assumes UN committee actions subject to discussion and approval. Embassy possesses no information re justification \$68,200,000 program and would appreciate opportunity to review Yugoslav statement. Embassy agrees political consideration should not influence relief grants but feels on exclusively economic grounds there is no case for continued grants to Yugoslavia unless: (1) Yugoslav Government can justify maintenance army which requires 51% national budget; drains food, construction and transportation supplies; withholds men and resources from productive labor. (2) Yugoslav Government satisfactorily accounts by receipts and by expenditure projects for profits from UNRRA sales now estimated over \$350 million. (3) Yugoslav Government accounts for distribution all UNRRA supplies processed in Yugoslav factories. (4) Yugoslav Government presents foreign trade data and explanation for heavy export balances to USSR.

Re food supplies. Embrep 120, December 16, 1946² presents data showing adequacy Yugoslav diet. Question re industrial supplies is of more concern to Embassy. Yugoslav industrial needs and uses have never been reviewed by non-UNRRA experts and only superficially by UNRRA observers. Without impeaching latter's efforts, Embassy believes it highly undesirable to tender further assistance until data available to establish current capacity Yugoslav industry, extent employed for army materiel and movements, and extent utilized in currently uncompensated foreign trade.

Embassy has no desire to discuss political aspects maintenance Yugoslav army and relationship Yugoslav Government with USSR. Embassy strongly of opinion that there are purely economic aspects to army size, foreign trade and diversion of UNRRA profits to non-relief and rehabilitation purposes which indicate Yugoslav Government has not fully devoted its own economic resources to problems and that future relief supplies will be diverted to similar economic inefficiencies.³

HICKOK

¹ Not printed; it stated that the United Nations Special Technical Committee concerned with relief programs following the termination of the United Nations Relief and Rehabilitation Administration had estimated Yugoslavia's relief needs at \$68,200,000 (800.00 Summaries/1-2847).

² Not printed.

³ Telegram 78, February 14, to Belgrade, not printed, informed the Embassy that the findings of the UN Special Technical Committee were not binding upon governments and that the "U.S. has no present intention of making relief grant to Yugo following termination of UNRRA shipments". (860H.5018/2-347)

124.60H3/2-1247 : Telegram

The Chargé in Yugoslavia (Cabot) to the Secretary of State

CONFIDENTIAL

BELGRADE, February 12, 1947—11 a.m.

128. Had first interview with Acting Foreign Minister Velebit today. After exchange of courtesies I raised question of Embassy's translators under arrest, saying I hoped they could be released before my hands were tied by instructions and another disagreeable incident developed. I said I had come in hope of taking constructive action to relieve tension and settle outstanding questions, but present atmosphere unhelpful.

Velebit said he did not know what charges were against Zmejano-vich¹ but asserted they would positively not involve any work he had done for Embassy. He said Yugoslavia desired good relations with US, that there was no intention to harass Embassy and that peace was vital for country's reconstruction. He hoped trade relations could early be resumed. He emphasized that country was small and that US could easily hurt it, but pointed out that it was independent and we should not interfere in its internal affairs.

I said that with my Latin American background² I was last person who would do latter and assured him that I would tolerate no improper activities by Embassy's Yugoslav employees. I again urged speedy release of translators and previous consultation with Embassy before acting on any further accusations.

Velebit promised to take matter up and inform me of results. While I am not optimistic about release, I am somewhat hopeful further attacks may be momentarily checked.

Talk was at first rather tense, later affable. I suggest Department send me no instructions to act until we see whether Velebit does anything constructive, but I would appreciate Department's views. Is Yugoslav action invasion of Embassy's immunities according to international law?

CABOT

¹ Milosh Zmejano-vich, a Yugoslav citizen employed as an Embassy translator, had been arrested on February 9.

² Prior to his assignment as Counselor of Embassy at Belgrade, where he arrived on February 6, Foreign Service Officer Cabot had served in numerous American diplomatic posts in Latin America, most recently as Counselor of Embassy at Buenos Aires.

711.60H/2-1347

*Memorandum of Conversation, by the Associate Chief of the Division
of Southern European Affairs (Barbour)*

RESTRICTED

[WASHINGTON,] February 13, 1947.

Participants: Sava Kosanovich, Yugoslav Ambassador
Mr. Acheson, Under Secretary
Mr. Barbour, SE

The Yugoslav Ambassador called on February 13 at Mr. Acheson's request.

CONVICTION OF IVAN PINTAR

Mr. Acheson stated that the United States Government is concerned over the conviction and sentence to death of an American citizen, Ivan Pintar, in Yugoslavia, pointing out that Mr. Pintar has been convicted by a court in Zagreb on a charge of espionage which the local authorities admit was not proved and has been given a much more severe sentence than certain other individuals tried with him and convicted of more serious charges.¹ Mr. Acheson mentioned that the Embassy in Belgrade has communicated to the Yugoslav Government and it is our earnest hope that the sentence against Pintar will not be carried out but that the Yugoslav Government will intervene with a view to its mitigation.² Mr. Acheson added that while the case is still on appeal, a report from our Consulate in Zagreb indicates the probability that the death sentence will be confirmed.

The Ambassador said he was unfamiliar with the circumstances of the case but that he would communicate with his Government at once. Mr. Acheson asked Mr. Barbour to give the Ambassador a memorandum of the facts in the matter.³

¹ Ivan Pintar was born in Chicago and had lived in Yugoslavia from 1933. He had married a Yugoslav citizen but had not himself renounced American citizenship. Pintar was arrested in Croatia on October 20, 1946, and despite repeated requests, including a formal note of December 7, 1946, addressed to the Government of Croatia, the American Consulate was unable to see him or learn the reasons for his imprisonment. Pintar was placed on trial on January 16, 1947, in Sisak, Croatia, and on January 21 he was sentenced to death for alleged acts of espionage. The American Consul at Zagreb made immediate representations to the local Yugoslav authorities on learning of Pintar's trial. Following the announcement of the death penalty, the Consul entered a protest with the Croatian authorities, and on January 24, 1947, the Embassy at Belgrade made representations to the Yugoslav Foreign Ministry.

² The reference here is to the note of January 24 presented to the Yugoslav Foreign Ministry by the Embassy at Belgrade, not printed.

³ A statement of the facts regarding the trial and sentencing of Pintar was transmitted to Ambassador Kosanvić on February 14. Ambassador Kosanvić called on Under Secretary Acheson on February 25 and informed him that Pintar's sentence had been reduced to 20-years imprisonment. The Under Secretary informed the Ambassador that this was a step in the right direction. Pintar was finally released from prison and departed from Yugoslavia in December 1950. For additional items raised by Ambassador Kosanović during his February 25 call, see footnotes 9 and 10 below (360H.1121 Pintar, Ivan/2-1447, 2-2547).

YUGOSLAV EMPLOYEES OF THE UNITED STATES EMBASSY, BELGRADE

Mr. Acheson told the Ambassador that this Government is also concerned over the arrests by the Yugoslav authorities of various Yugoslav employees of the American Embassy at Belgrade. Mr. Acheson pointed out that the Embassy employs Yugoslav nationals only for routine duties and noted that, as the Yugoslav Government has now arrested the last translator at the Embassy, it seems clear that this action reflects a policy of the Yugoslav Government to interfere with the operations of the Embassy. Mr. Acheson said he hoped the Yugoslav Government would intervene to obtain the release of the employees now held.

The Ambassador stated that he would take the matter up with his Government, if details concerning the case could be given him. Mr. Acheson asked Mr. Barbour to give the Ambassador a memorandum in the circumstances.⁴ Mr. Kosanovich then continued, referring to previous Yugoslav charges concerning espionage activities involving American and Yugoslav employees of the Embassy at Belgrade. He reviewed his conversation at Paris with Mr. Dunn⁵ in this connection and reiterated the Yugoslav claim that Embassy employees have acted in a manner unfriendly to Yugoslavia and detrimental to the development of normal relations between the two countries. Mr. Acheson replied that, as the Ambassador is aware, the American Government does not agree with the Yugoslav position in this regard.

ISSUANCE OF VISAS TO YUGOSLAV AND AMERICAN OFFICIALS

Mr. Kosanovich stated that upon his arrival in Washington he had, in an effort to improve relations between the two countries, obtained authorization from his Government for his Embassy to issue visas to American officials proceeding to Yugoslavia without prior approval from Belgrade in each case. He said the Yugoslav Embassy here has been acting on that authorization but has now been informed by the Department that the United States Government is not in a position to authorize the American Embassy in Belgrade to issue such visas without prior reference to Washington on a reciprocal basis. In the circumstances, it was the Ambassador's opinion that his Embassy will find it necessary to alter its procedure accordingly but he urged re-

⁴ A statement of the Department's information in respect of the arrest of the two Embassy employees was transmitted to Ambassador Kosanović on February 14 (360H.1121 Pintar, Ivan/2-1447).

⁵ For the report on the conversation in Paris on September 5, 1946, between Ambassador Kosanović and the then Assistant Secretary of State and member of the United States Delegation at the Paris Peace Conference, James C. Dunn, see telegram 4446, September 5, 1946, from Paris, *Foreign Relations*, 1946, vol. VI, p. 948.

consideration of the United States position. It was pointed out to the Ambassador that the requirement of prior clearance is a regulation which has been in effect since the beginning of the war and the various divisions of the Department concerned do not feel able to waive that requirement in the case of Yugoslavia at this time.

US REFUSAL TO ISSUE PASSPORTS TO AMERICAN CITIZENS
DESIRING TO PROCEED TO YUGOSLAVIA

Ambassador Kosanovich read excerpts from two letters written by the Passport Division to American citizens stating in essence that, in view of conditions in Yugoslavia at present, this Government is not able to afford protection to American citizens there and consequently cannot issue passports for persons to proceed to that country. The Ambassador expatiated at some length on this subject referring to the treatment of American citizens in Yugoslavia and apparently endeavoring to indicate that conditions there are not such as to justify the refusal of passports on that ground. He alleged that the American citizens in concentration camps in Yugoslavia are of German origin, that they assisted the Germans during the war, that they did not, during the war, hold themselves out as American citizens and thus be interned by the Germans as was the fate of Americans in other parts in Europe and that consequently they are not "good" American citizens. Mr. Acheson said that our list of Americans in camps in Yugoslavia or under other restraints and restrictions there does not confirm the Ambassador's statements and, as regards protection, invited the Ambassador's attention to the case of Mr. Pintar mentioned above.

LECTURE TOUR OF AMBASSADOR PATTERSON

Ambassador Kosanovich then referred to the lecture tour on which the Honorable Richard C. Patterson, US Ambassador to Yugoslavia has been engaged.⁶ In remarking that the Ambassador's statements appear unfriendly to the country to which he is accredited, Ambassador Kosanovich presented Mr. Acheson a formal note (No. Pov. br. 223,) dated January 13, 1947⁷ in that connection. He also showed Mr. Acheson a quantity of publicity literature in connection with Ambassador Patterson's lectures. Mr. Kosanovich said that these activities of Ambassador Patterson were embarrassing to him.

⁶ Ambassador Patterson had been on leave from his post since October 1946. He submitted his letter of resignation to the President on March 26, 1947.

⁷ Not printed. On the occasion of his call on Under Secretary Acheson on February 25, Ambassador Kosanović submitted a further communication complaining of subsequent remarks attributed to Ambassador Patterson. This second communication, Pov. br. 256, February 24, is also not printed.

REMITTANCES TO HEIRS IN YUGOSLAVIA OF THE PROCEEDS OF ESTATES OF
INDIVIDUALS DECEASED IN US

Turning to the question of the payment to heirs in Yugoslavia of the proceeds of the estates of persons deceased in the United States, the Ambassador said that the Yugoslav Consuls throughout US are now handling the estates of Yugoslav nationals here but that the proceeds of such estates cannot be remitted to Yugoslavia under existing US freezing controls. He professed to be unable to understand the reason for this action.

UNRRA

Ambassador Kosanovich stated that the deadline on shipments by UNRRA to Yugoslavia is now fixed as March 31 and he asked whether it would be possible to extend that period in order that some \$65,000,000 worth of UNRRA goods already contracted for but not deliverable by March 31 could reach Yugoslavia. Mr. Acheson said he would inquire into the matter with Mr. Wood⁸ but that it was his impression that shipments beyond March 31 were not possible owing (1) to an UNRRA decision and (2) to provisions of the US Appropriation Act preventing US contributions to UNRRA from being used after March 31, 1947.⁹

BLOCKED YUGOSLAV GOLD

Ambassador Kosanovich asked what steps were necessary to obtain the unblocking of Yugoslav assets in the US. Mr. Acheson did not comment on this request.

ALBANIA

Alleging that he represents Albania in this country to some extent, Ambassador Kosanovich asked what is expected of the Albanians in the present circumstances. Mr. Acheson replied that he was not dis-

⁸ C. Tyler Wood, Deputy to the Assistant Secretary of State for Economic Affairs and an expert on UNRRA affairs.

⁹ On the occasion of his call on Under Secretary Acheson on February 25, Ambassador Kosanović once again raised the question of post-UNRRA relief for Yugoslavia. Walworth Barbour's memorandum of the conversation read as follows on this matter:

"The Ambassador further endeavored to plead Yugoslav needs for food after UNRRA terminates stating among other things that as a result of a drought Yugoslavia had a 600,000 tons grain deficit principally in corn. It was pointed out to the Ambassador that Marshal Tito had recently stated publicly that the Yugoslav Government has succeeded in providing adequate food supplies for the Yugoslav people to insure somewhere around a 2,200 calorie diet. Mr. Acheson stated that while information on the Yugoslav food situation is not complete it is our impression that the Yugoslav diet is at a considerably higher calorie level than most other countries in Europe. Some discussion ensued concerning the post UNRRA relief bill now before Congress and Mr. Acheson pointed out that until Congress takes action in this matter the Executive Branch of the Government could do nothing." (360H.1121 Pintar/2-2547)

posed to talk about Albania, that the Albanians had acted outrageously towards us and towards the Mission we had sent to Tirana, and that the Albanians know perfectly well that it is necessary for them to behave in a civilized manner and to meet their obligations. Mr. Acheson concluded that our patience with the Albanians is exhausted.¹⁰

¹⁰ For documentation on the efforts of the United States to establish diplomatic relations with the Albanian regime and the withdrawal of the unofficial United States mission from Albania in November 1946, see *Foreign Relations*, 1946, vol. VI, pp. 1 ff.

124.60H3/2-1547 : Telegram

The Chargé in Yugoslavia (Cabot) to the Secretary of State

SECRET

BELGRADE, February 15, 1947—8 p. m.

141. Embassy translators not yet released. I shall seek further interview at Foreign Office Monday. Department will appreciate that work of Embassy has already been seriously prejudiced and prestige greatly lowered by series of incidents which can scarcely be interpreted as other than a deliberate Yugoslav Government campaign to intimidate and humiliate Embassy and perhaps to put it out of business. We already have indications of further attacks. These incidents are of course but one part of a thoroughly unsatisfactory picture but they seem to me first point I should attack in order if possible to secure room for maneuver. I believe a general review of policy may nevertheless be useful at this point.

Possible courses to follow in connection with this campaign and general situation include (1) ignoring campaign and sitting a few numbers out; (2) inaugurating positive policy of conciliation; (3) negotiations on a *quid pro quo* basis for progressive relief of tension; (4) protest and astonishment; (5) positive acts of retaliation.

First course would do nothing to stop campaign or better situation and hence should be adopted only if other courses positively ruled out.

Regarding second course I am increasingly impressed by legitimate grievances Yugoslavs have. For example, I have just learned from excellent source that Army fliers deliberately baited Yugoslavs prior to airplane incidents¹ by flying over Yugoslav territory. Department

¹ For documentation on the forcing down of two unarmed American transport planes by Yugoslav aircraft on August 9 and 19, 1946, see *Foreign Relations*, 1946, vol. VI, pp. 915 ff. For the text of a note of September 3 from William L. Clayton, Acting Secretary of State, to the Yugoslav Chargé d'Affaires in the United States, see Department of State *Bulletin*, September 15, 1946, p. 501. In this note Mr. Clayton referred to several recent incidents and stated as follows: "No American planes have flown over Yugoslavia intentionally without advance approval of Yugoslav authorities unless forced to do so in an emergency." Mr. Clayton further stated that the United States Government expected the Yugoslav Government to make suitable indemnification to the families and dependents of the victims of the Yugoslav action as well as compensation for the destruction of and damage to the United States planes and other property.

will recall a number of other incidents in which we were at fault. Various observers here inform me that Yugoslav Government has sincere sense of grievance and ascribe much of our trouble to what they consider our clumsy diplomacy. These observers while recognizing many provocative Yugoslav actions generally recommend we adopt more conciliatory policy.

My conviction necessarily tentative diverges strongly from this view in that I do not believe in unilateral concessions. I do believe that we must actively strive to eliminate real Yugoslav grievances particularly when our good faith is involved, for example in Nicoloff case (Embtel 140, February 15²) and war criminals situation (Embtel 137, February 14³) without requiring reciprocal concessions unless Yugoslavs are at fault in some cases. Nevertheless whole pattern of Communist diplomacy suggests to me that Yugoslavs would be actively hostile to whatever course we had pursued and that their grievances though doubtless sincerely felt are basically but wolf's excuse for malevolent course they would have followed in any case. British whose policy generally considered more conciliatory than ours feel as much persecuted as we do. Nothing I have seen suggests that we can appease totalitarian dictators whether white or red.

² U.S. Army Staff Sergeant Charles E. Nicoloff was present at the scene of the alleged murder of Soviet Army Private Ivan Ivanovich Vasilenko in Belgrade on February 7, 1946. Sergeant Nicoloff was tried by a U.S. Army court martial in Italy on November 29, 1946, on the charge of assault with intent to commit voluntary manslaughter by shooting Private Vasilenko with a dangerous weapon, and he was acquitted.

Telegram 140, February 15 from Belgrade, not printed, reported receipt of a Yugoslav note complaining that the Nicoloff court martial had disallowed the interrogatories of Yugoslav eye-witnesses. The telegram further observed that the "acquittal while disallowing all Yugoslav evidence makes it difficult to argue that Yugoslav courts have made unjust decisions. . . ." and urged that the full record of the court martial be made available to the Yugoslav Government (860H.00/2-1547). This record was given to the Yugoslav authorities in late May 1947.

³ The telegram under reference here reported on the difficulties facing the British authorities in Italy in screening Yugoslav prisoners of war for alleged war criminals. It read in part:

"British Ambassador [Charles B. P. Peake] paints very gloomy picture of situation. He says that combined Anglo-American forces in Italy are quite insufficient to handle Yugoslavs who number 21,000 in British camp alone and who are at liberty to come and go from camps. He adds that Italy is teeming with notorious Yugoslav war criminals connected with Nedich and Ustasha. He fears Italians, to protect own war criminals, may turn over innocent and guilty en masse to Yugoslavia when treaty is effective. He feels Yugoslavs may raise issue in UN with great embarrassment to Great Britain and possibly US."

Chargé Cabot concluded the telegram with the following observation:

"Dept will appreciate that this is one of several real grievances Yugoslavs have at US and will, I am sure, do everything possible to deliver all real war criminals to Yugoslav authorities at earliest possible date. We cannot justify our failure in this matter by Yugoslav misdeeds in other matters and we certainly cannot expect any satisfaction from Yugoslavs re our grievances if we do not show clear determination to satisfy their just complaints." (740.00116 EW/2-1447)

I think it important however not to slam door in Tito's face and not needlessly to offend Yugoslav nationalist sentiment. I conceive our long range policy should aim to promote in [a?] Yugoslav Government responsive primarily to will and needs of people rather than to Soviet directives. My guess is that even within present government there are potentially factions which might favor this if we do not irrevocably alienate them. I do not believe we can further such a policy by unilateral concessions; nevertheless by great patience, urbanity and firmness but not rigidity in negotiating we may get somewhere eventually. Unless Dept objects I intend to explore situation with Foreign Office next week and go into possibility of trading off some minor irritating cases while continuing to press for release of translators. I am naturally not optimistic but feel this path should be thoroughly explored before it is abandoned. It must again be emphasized that no success can attend such a move if the Yugoslavs sincerely believe that we are not acting in good faith and we must therefore move vigorously to eliminate their just grievances.

Fourth possible course would merely be futile, counter productive and further embitter situation.

I feel Dept should consider possibilities of fifth course if we make real progress in eliminating Yugoslav grievances and my talks still get no further than previous experience foreshadows. Possible means of retaliation include:

1. Breaking relations or withdrawal of our Embassy to neighboring capital. I am opposed to this if only because I believe this may be what Yugoslav Govt wants. Should a group of aggrieved nations simultaneously break relations this might be effective but I doubt its feasibility.

2. Retaliation against Yugoslav Embassy and Yugoslav officials. This might take form of (a) rummaging baggage as Yugoslavs often do with us (but my baggage was not inspected); (b) restricting Yugoslav Embassy officials to DC. This would be difficult to enforce; (c) stationing police at Yugoslav Embassy entrance and taking names of all who enter; (d) harassing Yugoslav officials by blocking visas, transportation, etc. I do not recommend this course since we are more vulnerable than Yugoslav Embassy and they would doubtless go further than we.

3. Reference of constant Yugoslav provocations to UN. This course would have advantage of focusing world opinion on this situation but would give Yugoslavs excellent opportunity to wash our own not inconsiderable amount of dirty linen in public.

4. Detention of prominent Yugoslav Communists in Trieste area on some plausible pretext.⁴ I believe this offers possibilities since there are few real American citizens now in this country without official status and such Yugoslavs could be held practically as hostages.

⁴ For documentation regarding the interest of the United States in the establishment of the Free Territory of Trieste, see pp. 51 ff.

5. Crackdown on prominent Yugoslav sympathizers in US with Communist affiliations for example as alien agents or by pillorying before Committee on Un-American Activities. By adroit handling maximum glare of publicity on conditions in Yugoslavia and treatment of this Embassy might be attained.

6. Introduction of legislation to permit (a) indefinite blocking of Yugoslav assets in US; (b) payment of American claims against Yugoslavia from these assets if negotiated settlement cannot be reached; (c) establishment of commission to pass on these claims; (d) blocking of all financial translations [*transactions?*] between Yugoslavia and US except under license. (This would permit US to block remittances to Yugoslavia a significant item in Yugoslavia international balances). I strongly urge Dept to give immediate consideration to such legislation since their assets are our most important weapon and it would be disastrous if we were for any reason to give them up.

7. Embargo on all shipments between Yugoslavia and US. This would undoubtedly hurt Yugoslavia far more than US in view of their reconstruction needs; also Yugoslav officials have recently been emphasizing desire for trade with US. Nevertheless I feel this move which might include all relief shipments should be held for last resort only.

Except for point 6 I do not recommend that any of the above measures be undertaken for present but I feel Dept should tentatively consider feasibility of other possible measures favorably mentioned above as well as others which will doubtless occur to Dept in order that we may be prepared to act vigorously in event need for this becomes clear.

I would appreciate any expression of Dept's views it may wish to send me.

CABOT

124.60H3/2-1247 : Telegram

The Secretary of State to the Embassy in Yugoslavia

SECRET

WASHINGTON, February 21, 1947—7 p. m.

90. Urtel 128 Feb 12. While no established rule in international law re immunity Embs alien personnel Dept has invariably taken position, based on comity and universality of custom, that employees of dipl establishments should be granted immunity without regard to their citizenship. See Depcirc instruction June 18, 1946¹ on precedents re immunities of local employees of AmMissions.

In Feb 13 talk with Yugo Amb. Achèson said we were concerned over Yugo arrests of Embs alien employees, pointing out they performed only routine duties and that Yugo arrests these aliens seemed reflect

¹ Not printed.

Yugo Govt policy to interfere with Emb operations. Replying Acheson's expression of hope that alien employees now arrested would be released, Amb said he would take matter up with his Govt. Amb then referred to previous Yugo charges of espionage activities by Emb personnel claiming they acted in unfriendly manner detrimental to normal relations. Acheson replied we did not agree with Yugo position.²

You might inquire of FonOff whether Amb did bring matter up and if not verbally convey Acheson's comments to FonOff. Failing favorable response to Kosanovich's or your inquiries you may in your discretion send FonOff (urtel 148 Feb 18) note reiterating Under Secy's comments to Amb and include following statement our position: "US considers local employees dipl Missions must of necessity be accorded immunity during period employed by Missions. US has consistently granted such immunity to foreign Missions in US on basis of need for unhampered activity of dipl Missions. This position is generally recognized and accorded on basis of comity and reciprocity." You might also mention any pertinent portions Depts June 18, 1946 instr, and repeat our hopes, especially in view immunity accorded similar personnel in US, for early release alien employees.³

MARSHALL

² For the full record of Under Secretary Acheson's conversation with Ambassador Kosanovich on February 13, see p. 757.

³ Following a number of informal oral protests which had no favorable result, the Embassy on March 21 addressed a note to the Yugoslav Foreign Ministry substantially along the lines of this paragraph. The text of the American note was transmitted to the Department as enclosure 1 to despatch 786, April 11, from Belgrade, neither printed (124.60H3/4-1147).

711.60H/3-347

*Memorandum of Conversation, by the Chargé in Yugoslavia (Cabot)*¹

CONFIDENTIAL

BELGRADE, February 25, 1947.

After keeping me waiting for eight days on the ground that he was busy, General Velebit finally received me today at noon.

I started the conversation by saying that I was sorry to insist upon seeing him when I knew how busy he had been but that I was anxious to discuss with him the question of relations between Yugoslavia and the United States. I said that I wanted to speak very frankly. Our governments and economic systems were based on a very different philosophy. This gap, which in itself would make any understanding

¹ Transmitted to the Department as enclosure 1 to despatch 673, March 3, from Belgrade, not printed.

difficult, had been widened by a number of misunderstandings and incidents which had created suspicions and lack of confidence and had resulted in the bad relations now existing. There were people in each country who actually wanted bad relations with the other country. Nevertheless, I could assure him that that was not the desire of my Government; and in our first conversation ² he had emphasized that it was not the desire of his. Under these circumstances it seemed to me that it might be helpful to sit down and discuss very frankly the specific grievances each country had against the other to see why our relations were so bad and perhaps we would thereby find a means of relieving the tension.

General Velebit said very affably that he welcomed my suggestion and that he would be very happy to explain frankly why Yugoslavia felt aggrieved at the United States. He said first that Yugoslavia was a small country but that it was an independent country and that it could not accept any interference in its internal affairs. He then expatiated upon the war criminals situation. He said that the Western Allies had turned over to Norway all their Quislings, to Belgium their Degrelles,³ and to the other western countries all their traitors. Nevertheless, among the thousands of Yugoslav traitors held in Allied concentration camps practically none had been returned to Yugoslavia, even though their guilt was unquestionable. He referred to the Ustashi,⁴ Nedich's ⁵ henchmen, the Chetniks ⁶ and the Slovene traitors. He said that not a single Italian war criminal had been sent to Yugoslavia to expiate his crimes. Yugoslavia frankly could not understand why the Allies were so tender to undoubted traitors and war criminals and so unfriendly to an Allied nation.

General Velebit then referred to other acts of the United States, which had shown a consistently unfriendly attitude toward Yugoslavia since the termination of the war. He referred to the ultimatum requiring the Yugoslav troops to evacuate Trieste in 1945 despite

² For a report on the conversation under reference, see telegram 128, February 12, from Belgrade, p. 756.

³ Léon Degrelle was the leader of a fascist movement in German-occupied Belgium. In 1946 he was expelled from Spain whence he had fled at the end of the war.

⁴ The Ustasha was a pre-war fascist-type Croatian extremist political movement. It came to power in the wartime puppet state of Croatia which was headed by the Ustasha leader Ante Pavelić.

⁵ Gen. Milan Nedić was the Prime Minister of the German-puppet government of occupied Serbia, 1941-1945. Nedić was captured by Allied forces at the end of the war, and he was turned over to the Yugoslav Government in January 1946. Regarding the handing over of Nedić to the Yugoslav authorities, see telegram 809, December 27, 1945, from Belgrade, *Foreign Relations*, 1945, vol. v, p. 1303.

⁶ The Chetniks were the wartime Yugoslav guerrillas headed by the then Yugoslav Minister of War Draža Mihailovich. Toward the end of the war the Chetniks came into open conflict with the Communist-led Yugoslav Partisan movement.

the fact that they had been the first Allied troops to enter the city.⁷ He mentioned the Yugoslav-Italian frontier proposed by the Americans⁸ as the least favorable of any proposed and said that it would have left many Slavs in Italy, whereas practically no Italians would have been left in Yugoslavia. He said that Yugoslavia could not understand why we were so much more tender with a defeated enemy than with an ally. The same pattern had been pursued at international conference after international conference. He mentioned Yugoslav claims to Carinthia. General Velebit then referred to our long retention of the Yugoslav river boats which had done Yugoslavia grievous injury at a moment when her other means of transportation were so disrupted. He also mentioned our retention of \$45,000,000 of Yugoslav gold.

General Velebit then said that I had referred to incidents but that the matters which he had spoken of were of fundamental importance to Yugoslavia. He said that with regard to the two Embassy translators and some other incidents there were undoubtedly Yugoslav officials who were over-zealous because of their feeling that the United States was unrelentingly hostile to Yugoslavia. Nevertheless, it was a source of surprise to the Yugoslav Government that we insisted upon employing only people who were anti-government and in some cases were closely linked with axis collaborationists. General Velebit talked for practically half an hour without interruption.

I said that I was very glad that he had spoken so frankly of Yugoslav grievances; that I wish to know about them myself and to inform my Government. I said that I would like to make some comments and ask some questions in regard to his remarks.

With regard to Yugoslavia's internal affairs I said that it was perfectly true that we in the United States did not like the form of government existing in Yugoslavia. Nevertheless, we felt that it was none of our business to interfere. Neither the Embassy nor the United States Government had any knowledge whatsoever of any subversive plots, let alone any intention of aiding them. I asked whether he felt

⁷ On May 15, 1945, the United States and United Kingdom Governments requested the Yugoslav Government to agree immediately to the control by the Supreme Allied Commander in the Mediterranean of that portion of Venezia Giulia including Trieste and Pola. Yugoslav agreement to this proposal the following day resulted in the subsequent formal agreements of June 1945 setting up the joint Allied-Yugoslav occupation of Venezia Giulia. For documentation on the concern of the United States over the control of Venezia Giulia, see *Foreign Relations*, 1945, vol. iv, pp. 1103 ff.

⁸ The reference here is presumably to the Yugoslav-Italian frontier proposed by the United States Delegation at the Paris session of the Council of Foreign Ministers, April 25-May 15 and June 15-July 12, 1946. The American proposal is described in the Report of the Council of Foreign Ministers' Commission of Experts for the Investigation of the Italo-Yugoslav Boundary, Document CFM (46) 5, April 27, 1946, *ibid.*, 1946, vol. II, p. 140.

that we were interfering improperly in Yugoslavia's internal affairs. General Velebit said that he did not mean to impute to us any direct interference in internal affairs. Nevertheless, extreme tenderness for the Yugoslav traitors outside of the country gave consistent encouragement to enemies of the government within the country. He knew, of course, that all the rumors flying around of Allied troops landing in Yugoslavia were ridiculous but nonetheless some credulous people believed them.

I said that his remarks brought up the second of his major complaints, that regarding traitors and war criminals. I had not had a chance to look into this matter fully since my arrival but I was not satisfied on the basis of what I had seen and heard that everything had been done which might be. I said that there were of course differences of opinion between the two Governments regarding what constituted a traitor or war criminal and that we must frankly recognize this difficulty. For example, the Yugoslav Government considered Chetniks to be traitors; in the absence of proof of collaboration we considered Chetniks mere oppositionists and would not, I was sure, turn them over. On the other hand, there could be no doubt with regard to such people as the Ustashi leaders and Nedich's principal followers. I proposed immediately to look into this matter further to see if action could not be taken to hand over any such people who might be in our hands, since we were of course committed to hand them over.⁹ I said, however, that I did not know whether we had enough information to enable us to turn over specific criminals for specific crimes. I hoped that the McLean [*Maclean*] mission¹⁰ might further this and it was certainly a field in which I felt that we should make every effort to give satisfaction to justify [*justified?*] Yugoslav requests.

At this point, it being a quarter to one o'clock and General Velebit looking obviously somewhat distraught, I asked whether he had another appointment and he said, yes, that he had an appointment at the Ministry of Trade at one o'clock.

I then referred briefly to his point about Trieste. I said that as I understood it the line we had proposed closely followed the ethnic

⁹ In telegram 184, February 26, from Belgrade, not printed, Chargé Cabot reported Velebit's concern about the surrender of Yugoslav war criminals. Cabot made the following recommendation:

"I must strongly urge upon Department importance to my mind of taking energetic steps to see that any legitimate Yugoslav grievances in this matter are satisfied and would appreciate Department's instruction at earliest possible date particularly regarding what I may say to Velebit. British Ambassador agrees." (S60H.00/2-2647)

¹⁰ Maj. Gen. Fitzroy Maclean, a British Member of Parliament and commander of the wartime British Military Mission in Yugoslavia, headed a British mission in 1947 which investigated the status of those Yugoslav refugee camps in Italy which were under British jurisdiction.

line although it undoubtedly would have left more Slavs in Italy than Italians in Yugoslavia. I pointed out, however, that it was undoubtedly President Wilson who by standing out against the other great powers saved Dalmatia for Yugoslavia after the last world war. This showed that all we sought was justice and that we were not unfriendly to Yugoslavia. With regard to Carinthia I mentioned the adverse plebiscite after the last war. General Velebit then gave me copies of their memoranda regarding this question.

Since General Velebit had to go to his appointment I asked that he receive me again as soon as possible to continue the conversation. I said that at that conversation I should like him specifically to mention to me any further grievances they had and any suggestions which they might wish to make as to how these grievances might be remedied. I said that I also had a number of matters which I wanted to bring up. As we went out I emphasized that if I were to help him it would be equally necessary for him to help me.

JOHN M. CABOT

860H.5034/2-2647 : Telegram

The Chargé in Yugoslavia (Cabot) to the Secretary of State

SECRET

BELGRADE, February 26, 1947—10 a. m.

180. Deptel 86, February 19.¹ Embassy agrees little likelihood early Foreign Office reply and feels settlement procedures when announced will not include negotiation or participation representatives US interests in formulas for valuation and payments. Yugoslav Govt apparently wishes to present owners with dinar bonds whose worth would be problematical, whose nominal value would represent fractional part US holdings in Yugoslavia, whose date of issuance would make impossible any accounting of basis on which they were computed. Following facts constitute present highly unsatisfactory situation:

1. Embassy unable obtain list all nationalized firms or US property interests affected by or before nationalization law. Foreign Office has merely acknowledged receipt never answered Embassy's notes: (a) requesting Yugoslav claims procedure; (b) filing claim for Socony Vacuum; (c) reserving rights of all US interests concerned; (d) requesting either list of nationalized firms or designation of an official possessing list for informal information.

¹Not printed; it asked the Embassy's views on the procedures to be adopted for negotiating the settlement of American claims for properties nationalized in Yugoslavia. The Yugoslav Foreign Ministry had not replied to previous American requests for the initiation of negotiations to settle these claims. (860H.5031/2-1947)

2. Embassy unable obtain list fines, penalties or confiscations levied [apparent omission] US interests or their representatives for war profits, enemy collaboration (both Axis and Chetnik Ustashi etc.) or illegal activities of obvious character. As such fines deductible from value nationalized firms they may be substantial.

Claims settlement procedures will doubtless be barred from reopening cases decided by Yugoslav courts (see Embdesps 199, January 14 and 269, March 14, 1946²).

3. Evidence accumulating no inventories made for nationalized and confiscated firms when taken over by govt and their property now being consolidated or mixed with state enterprises (see Embrep 15, February 12³). Thus efforts even if attempted to determine property values remaining after liberation will be frustrated.

4. No representatives US interests of which Embassy aware have been permitted visit properties since present govt has intervened or nationalized them.

5. Re individual claims US citizens or representatives have almost without exception been unable to secure property or settlement because of inability of lawyers adequately to protect their clients interests and dilatory tactics by a judiciary and administrative authorities wholly dependent on will of Communist Govt. Lawyers representing foreign interests (e.g. Socony Vacuum Novi Sad Electric Company) frequently arrested and entire bar today so terrorized or subservient no possibility presentation independent case.

No new information re total value US claims.

Other govts whose nationals have substantial Yugoslav property interests have been no more successful in obtaining settlement or negotiations re their claims so far as Embassy aware.

Apparent from recent British experience that Yugoslav Govt had no serious intention establishing mixed commission or negotiations for settlement foreign property claims.

It is to be emphasized that Yugoslav Govt has never denied principle compensation but has procrastinated and continues to do so.

In Embassy's view issuance press statement unaccompanied by specific and practical counter measures will be ineffective in inducing Yugoslav negotiations and may actually result in further postponement announcement settlement procedures because of Yugoslav phobia against publicly bowing foreign pressure.

Basic purpose this procrastination appears to Embassy to be Yugoslav intention to clear all its US claims in which Yugoslav citizens are beneficiaries before instituting any settlement procedures viz. Velebit's recent attempts unblock frozen accounts leaving US without any bargaining power. Embassy has incontrovertible proof Yugoslav Govt has been pressing its Consular officers abroad expedite all outstanding Yugoslav claims. Yugoslav Consuls are granted wide

² Neither printed.

³ Not printed.

powers, and according to authentications by Embassy's Consular Section, at least 1000 cases handled exclusively by Foreign Office under law for protection Yugoslav property abroad currently involved.

Embassy strongly feels this purpose must be met squarely and urgently recommends introduction legislation as proposed paragraph 6, Embtel 141, February 15: (a) to block Yugoslav assets in US until settlement reached; (b) to pay US claims from these assets if negotiated settlement cannot be reached; (c) to establish commission to pass on US claims; (d) to permit blocking all financial transactions between US and Yugoslavia except under license. Alternative method to (c) might involve submittal to World Court *ad hoc* international arbitration.

Nationalization law contains possibilities negotiating satisfactory settlement but in Embassy's view Yugoslavia will not negotiate unless compelled to do so. Embassy convinced no course other than that recommended above possesses sufficient effectiveness to assure legitimate negotiations with hope of mutually satisfactory settlement.

CABOT

711.60H/3-347

*Memorandum of Conversation, by the Chargé in Yugoslavia (Cabot)*¹

CONFIDENTIAL

BELGRADE, March 1, 1947.

General Velebit gave me an appointment at my request to continue our conversations of February 25.² I said that in our previous talk I had asked him to mention any further specific grievances he had and make suggestions as to what might be done. He immediately referred again to Trieste. I pointed out that this was a matter which had already been determined and that nothing could be done about it. I said that the only matter which he mentioned that I thought anything might be done about was the question of war criminals. He said that another very important matter for Yugoslavia was the question of reparations. Yugoslav representatives had been to the British and American Zones in Germany but had not been able to get any German machinery and equipment as payment in kind for reparations. Yugoslavia was a poor country which had been much devastated by the war and desperately needed these German assets. Why should the United States block their delivery? ³

¹ Transmitted to the Department as enclosure 2 to despatch 673, March 3, from Belgrade, not printed.

² See Cabot's memorandum of conversation, p. 765.

³ For documentation regarding the attitude of the United States on the problem of German reparations, see *Foreign Relations*, 1946, vol. v, pp. 481 ff.

I replied that I frankly was not familiar with the matter but that I would immediately inquire about it. With regard to the broad matter of reparations we were paying large sums of money to keep the German and Italian people from starvation and we therefore did not want reparations to be paid indirectly out of our relief funds. We also had a claim to reparations, but we were not pressing it.

General Velebit launched into a lengthy dissertation about how Yugoslavia needed reparations and how unnecessary they were to the United States. He pointed out that American productive capacity had increased very much during the war, and that the United States did not need the German reparations, whereas Yugoslavia did. He said that at the recent Brussels Conference Yugoslavia had received but 6,000 tons of shipping, despite the fact that their merchant fleet had sunk from 450,000 to 80,000 tons. Despite the enormously greater American expenditures and losses, Yugoslavia should receive more proportionately in reparations because of its greater needs.

Having let this talk run its course, when he ended I pointed out that I had mentioned our right to reparations only to illustrate the fact that we had an interest in reparations and in the demilitarization of the fascist powers which conflicted at only the one point I had mentioned with Yugoslavia's. I said that I would immediately seek to ascertain what my Government's views were in regard to the use of German machinery and equipment for Yugoslav reparations. General Velebit emphasized that Yugoslavia had been waiting for two years for these much needed reparations.

I asked whether he had any other matters to mention and he said that there were many other matters but that these were the principal ones. He again insisted that the fundamental point was that we had been unrelentingly hostile to them and that this had awakened a deep resentment in Yugoslavia. He referred again to the Trieste ultimatum and said in answer to a question on my part that Marshal Tito had only promised General Alexander ⁴ to keep open Allied communication lines with Austria, not to stay out of Trieste.

I then said that I would like to mention some of our grievances to him. I said that from our viewpoint Yugoslavia had shown unfriendliness to the United States before the United States had shown any unfriendliness to Yugoslavia. I remembered how at the San Francisco Conference ⁵ Yugoslavia had invariably voted with the Soviet Union. At that time relations between the United States and the Soviet Union

⁴ British Field Marshal Sir Harold Alexander served as Supreme Allied Commander, Mediterranean Theater, 1944-1946.

⁵ Chargé Cabot had served as a member of the United States Delegation to the United Nations Conference at San Francisco, April-June 1945. For documentation on that conference, see *Foreign Relations*, 1945, vol. I.

were relatively friendly but as they deteriorated it was natural that relations between the United States and Yugoslavia should also have deteriorated. Yugoslavia was an independent nation which had every right to choose whatever course in international affairs it chose to adopt, as it conceived its national interests. Any nation had that privilege but any nation having adopted a course must accept its implications as they affected its national interests for better or for worse. I said that this situation had been accentuated by a number of incidents which had arisen between the United States and Yugoslavia and which had resulted in lasting resentment against Yugoslavia.

General Velebit showed signs of annoyance and said that if that was the reason I had come to talk to him that it was quite useless; that he had thought I was anxious to clear up the disagreements between Yugoslavia and the United States but that this was an entirely different matter.

I said that I had merely wished to speak frankly on the situation as I saw it. I had no desire to discuss the general framework of the international relations but I believed that even within that framework it would be possible to take constructive action to relieve the tension. I hoped that by clearing away specific grievances something might be accomplished. I said that the United States deplored the controversies which had arisen with Russia and hoped that they might be settled because we fully recognized that the peace and prosperity of the world depended on understanding and cooperation between the two greatest powers in the world. I said that we felt it was particularly unfortunate that misunderstandings should now have arisen when there had never before been a serious clash of interests between our two nations. Unfortunately that was, of course, a situation which I could do nothing about, but that I did hope that constructive action might relieve the tension in the area of Yugoslav-American relations. I said that I would like to mention to him some of the specific matters which gave us concern.

I first mentioned the whole matter of the Embassy immunities. I pointed out that all Embassies were entitled to certain immunities and that they were given others by binding international custom. These immunities had been invaded, in my opinion, in a series of cases. In the Wedge case,⁶ although Wedge was undoubtedly guilty of serious

⁶ On May 1, 1946, William A. Wedge, who had for some time been employed as a guard by the Embassy at Belgrade, ran into and killed a Yugoslav officer while driving an Embassy jeep without authorization and allegedly under the influence of alcohol. Wedge was taken into custody by the Yugoslav police, and in early September 1946, he was tried and convicted by a Yugoslav court and sentenced to 8 years in prison. The United States Government considered that Wedge was entitled to diplomatic immunity, regardless of the circumstances attending the incident in which he was involved, and continued to press the Yugoslav authori-

Footnote continued on following page.

misconduct there were many precedents establishing that the nationals of a country sending a mission who was attached to that mission in any capacity enjoyed immunity. We had offered an indemnity, and we felt that Wedge's immunity should be recognized.

I went on to say that one Embassy translator had been shot and two were now in prison. With regard to the man who had been shot, he was dead and the officer who was alleged to have connived with him (although he denied it) was no longer in the service. That was a closed issue. But with regard to the other two translators I said I had no information regarding the charges against one and the other was vaguely charged with "inciting against the regime". In the absence of clear evidence of a serious crime by these translators we naturally felt in the Embassy that these arrests were an effort to harass us and impede our legitimate activities.

I went on to point out quite apart from any question of Embassy immunities I could not understand how it was practically advantageous to the Yugoslav authorities to act as they had in these cases. These incidents awakened a resentment wholly out of proportion to their intrinsic importance not only in the Embassy but also in Washington. He had referred to our hostility to Yugoslavia in major questions; it was difficult for officials in making policy decisions to overlook incidents which though petty were nevertheless very irritating.

I said that a relatively minor matter which I wanted to raise was the restriction placed by the Yugoslav authorities on travel by Americans in this country. I pointed out that the Treaty of 1881 (Commerce and Navigation) ⁷ clearly prohibited such restrictions and I consequently hoped that it would be possible to rescind these restrictions. I said with a smile that they were particularly annoying for Embassy personnel who liked to leave the city for a picnic. General Velebit's only comment was that he was familiar with the treaty.

I said that another source of petty annoyance to us was the fact that we had not been able to obtain visas for the men assigned to the Graves Registration Unit. We were anxious to clear this matter up and I hoped that they would shortly be forthcoming. We greatly appreciated the courtesy of the Yugoslav authorities in offering 400 soldiers to help with the Graves Registration work. I mentioned that I had given instructions that the 75 Yugoslavs who were going to

Footnote continued from previous page.

ties to recognize that immunity and to effect Wedge's release. In this connection, see the record of the conversation of September 17, 1946, between the Acting Secretary of State and the Yugoslav Ambassador, *Foreign Relations*, 1946, vol. vi, p. 951. In March 1947, Wedge's sentence was reduced to 6-years imprisonment. Wedge was finally released from prison and allowed to leave Yugoslavia in March 1949.

⁷ Department of State Treaty Series No. 319.

Austria to bring back the Yugoslav river boats should be granted visas even though it might have been possible to have held these visas up until we received visas for the Graves Registration work. He said rather testily that the United States occupied Austria on behalf of the Allied Powers. I replied that there was a more important consideration in my decision; since we had agreed to the return of the river boats I felt that our good faith was involved in facilitating the men's departure. Nevertheless I felt that this evidenced my desire to prevent unnecessary controversies.

I said that one other matter I wished to mention to him was our plans for our celebration of Memorial Day. Last year an unfortunate incident had arisen and I said that we would be very sure that nothing like that happened again this year. We were planning a simple ceremony but would appreciate any participation which the Yugoslav civil and military authorities might wish to take in this ceremony. I would appreciate it if he would let me know the views of the Yugoslav authorities in this connection.

By clearing up these relatively minor matters I hoped that we might get to some more important ones such as the Yugoslav gold and our claims. General Velebit said that we were going at the problem from entirely different angles. He wanted major problems dealt with first whereas I was suggesting that we handle minor ones. I said whereas it was true that I had brought up relatively minor ones, at the same time I had, as I already informed him, telegraphed to find out the Department's views regarding the war criminals situation⁸ and I would immediately try to ascertain the Department's views regarding German reparations in kind.

General Velebit rather brusquely mentioned that he had an appointment at one o'clock and the conversation then ended. The entire conversation was distinctly less affable than our conversation of February 25.

JOHN M. CABOT

⁸ See footnote 9 to Cabot's memorandum of conversation, p. 768.

S60H.5018/3-1047 : Telegram

The Chargé in Yugoslavia (Cabot) to the Secretary of State

CONFIDENTIAL

BELGRADE, March 10, 1947—3 p. m.

240. After investigating the food situation in this country as exhaustively as possible following facts appear to be universally accepted:¹

¹ Telegram 213, March 5, from Belgrade, not printed, reported that in conversation with Chargé Cabot on March 5, Assistant Foreign Minister Velebit had

Footnote continued on following page.

1. A serious shortage exists at present and has existed for some months past in certain areas of country notably mountainous regions of Bosnia and Hercegovina. (See Agricultural Attaché's report of October 16, 1946, No. 96.² UNRRA reports from special observers say situation even worse than anticipated.)

2. The government has been taking increasingly severe and unpopular measures to extract grain from peasants. (Government is conducting house to house search, reducing amounts allowed for human and animal consumption, punishing hoarders and giving wide publicity to this, etc.)

3. Government has grossly mismanaged food situation by (a) maintaining one of highest bread rations in Europe; (b) permitting use of white bread for some months; (c) encouraging hog production and diverting unnecessarily large amounts of grain to this purpose; (d) distributing UNRRA goods; for example, canned meats in food surplus areas rather than in deficit areas; (e) giving 10,000 tons grain to Albania and loaning 20,000 tons to Rumania; (f) unfortunate publicity stating that due to skillful government management there would be no food deficit; (g) failure of collection system; (h) obvious lacunae in statistics and failure to draw obvious conclusions even from those available; (i) diverting farm labor to swollen army.

4. There are many evidences that some food supplies are still available in country. For example, (a) unrationed hard cheese, canned fish, jams and certain meat products are locally available in good quantities; (b) British Embassy has received letter from economic agency of Croat Republic offering to sell cheese, butter and condensed milk in considerable quantities; (c) recently signed Czech trade treaty provides for Yugoslav exports of high caloric foods; (d) number of hogs in country is still unnecessarily high; (e) army particularly in Macedonia is believed to have substantial reserves.

5. No reliance can be placed on statistical information furnished by Yugoslav authorities since it is contradictory in itself, contradictory to other information available and has proved unreliable in past. Past secrecy and unwillingness of government to provide information to Embassy has now boomeranged. Current Yugoslav statistics presented Embassy show minimum requirements until next crop year of 232,000 tons although UNRRA estimates needs at only 100,000 tons. Agricultural Attaché is forwarding in separate telegram full summary of inconclusive statistics and statements presented to him by Yugoslav authorities.

Footnote continued from previous page.

spoken of the grave food situation in Yugoslavia and had requested the American Embassy to recommend a grain allocation to help meet urgent Yugoslav needs. At Cabot's suggestion, Velebit agreed to present the Yugoslav case to the American Agricultural Attaché William Kling in order that the gravity of the situation might be determined (860H.5018/3-547). A month earlier, the UNRRA Mission in Belgrade had recommended that a variety of agricultural goods, including 100,000 tons of corn or grain, be immediately sent to Yugoslavia from the United States; see George Woodbridge, *UNRRA: The History of the United Nations Relief and Rehabilitation Administration*, vol. II (New York, Columbia University Press, 1950), p. 156.

² Not printed.

UNRRA officials including all top Americans agree that a definite and serious grain shortage is inevitable. While Embassy is somewhat doubtful regarding shortage it believes UNRRA is sincere although possibly ingenuous.

In discussing situation I have made it clear that Yugoslavs must not only establish clear case but also overcome three handicaps: (1) evidence of gross mismanagement, past and present as well as disastrous newspaper publicity; (2) showing must be made not only that Yugoslavia needs grain, but also that need greater than that of countries which would otherwise receive it; (3) because Yugoslavs had been unfriendly towards US and given US little credit for relief furnished, Embassy and Department must be able to convince American public that any allocation granted is justified by facts.

Above statement makes it clear that case for allocation is not fully proven. It is nevertheless our conviction that without allocation people will go hungry no matter how well local food situation might be managed from now till next harvest. We therefore recommend:

1. That we agree to allocation of one shipload of grain here immediately as token;

2. That further allocations up to 100,000 tons be made as need approved by UNRRA and Embassy and Yugoslavia fulfills its own commitments regarding food.

3. That Yugoslavs be required in securing above benefits to publish prominently in all important newspapers in country statement prepared by UNRRA regarding its operations in which preponderant role played by US in furnishing money and supplies for UNRRA is clearly set forth, as well as fair reports at appropriate intervals regarding grain shipments under this agreement.

4. That Yugoslavs be required to utilize fully available local food resources mentioned above to help cover gap, compliance to be checked by UNRRA and Embassy.

Department will appreciate that principal danger we see in above recommendations is that Yugoslavs will export food in quantities equal to imports and thereby obtain foreign exchange which may be used directly or indirectly for political or military purposes. By requiring Yugoslavs to use locally goods having relatively high export value attractiveness of such a manoeuvre will be diminished if Yugoslavs insincere. In this connection, I frankly fear that if situation is serious Yugoslavs might like Soviets under similar circumstances let people starve rather than abandon political, military or export programs. In this case refusal to grant relief would accomplish nothing, give Yugoslavs magnificent propaganda opportunity (since we could never prove that they rather than we were responsible for mass starvation) and further sharply embitter relations. On other hand, should Yugoslavs refuse to meet above requirements which they will not like

despite their reasonableness, we will have answer to worst propaganda blasts.

UNRRA insists that funds for grain will come out of funds heretofore allocated to machinery, parts, etc., and that agreeing to grain allocation will thus decrease rather than increase this country's war and economic potentials. Department should perhaps check. I, of course, would not recommend new funds for Yugoslav relief on present showing.

One practical advantage of my recommendations is that once adequate grain supplies are assured hoarding situation for which authorities should not be blamed should be eased, thereby reducing needs from US.

Should Department wish to include unrelated political conditions in any agreement I believe satisfaction of Embassy grievances (Embassy's telegram 231, March 8³) is about all we could hope to get, and I doubt this would be worth objections to such course.

I must emphasize that my recommendations are in considerable part based on political considerations, and that they should, of course, be modified if not in conformity with overall picture.

Kling concurs in above conclusions and recommendations. His help has been invaluable in conducting investigations.

CABOT

³ Not printed; it reported that repeated informal protests by the Embassy regarding the arrest of two translators had had no favorable result, and it suggested that a formal protest be made to the Yugoslav Government setting forth the numerous Yugoslav violations of the Embassy's immunities (124.60H3/3-847).

860H.5018/3-1047 : Telegram

The Acting Secretary of State to the Embassy in Yugoslavia

RESTRICTED

URGENT

WASHINGTON, March 10, 1947—7 p. m.

125. Headline front-page *New York Times* article March 10 states Emb has endorsed UNRRA and Yugos Govt request allocation grain for purchase in US. While underlying article is not as categoric as headline would imply, Dept considered it advisable clarify situation as known to us on basis your recent tels and has accordingly made statement along following lines orally to press. At same time, Dept spokesman emphasized that allocation requested is for grain for purchase by Yugos or UNRRA and that no free grant nor extension of credit by US is involved.

"The State Department has not received any recommendation from the US Embassy in Belgrade that an allocation of grain be made to Yugoslavia. Several days ago representatives of the Yugoslav Government and of UNRRA approached the Embassy requesting such a

recommendation with a view to their being able to purchase grain in the US. However, the Yugoslav Government has repeatedly and publicly stated that its supplies of food were adequate to meet essential needs until the next harvest and has shipped grain to Rumania (before the recent election¹) and to Albania. Accordingly, Embassy officials indicated that they could not make such a recommendation without clear evidence that a real need now exists. They offered to consider and investigate carefully any data which the Yugoslav Government might present in this regard. If a recommendation for an allocation is received from the Embassy, it will, of course, have to be considered in the light of other urgent needs for available US grain exports."

ACHESON

¹ Reference here is to the Rumanian national election in November 1946.

740.00116 EW/2-1447 : Telegram

The Acting Secretary of State to the Embassy in Yugoslavia

CONFIDENTIAL

WASHINGTON, March 11, 1947—1 p. m.

127. Urtels 184 Feb 26¹ and 137 Feb 14.² On receipt similar instructions by and in concert with your Brit colleague send note, unless you perceive objection, to FonOff referring Royse's visit Belgrade and containing in substance following five paragraphs:

1. US and UK Govts wish express to Yugo Govt their sincere determination to hand over those persons who can be found in camps in Italy under Allied control who are quislings requested by Yugos and proved members of Ustashi to whose surrender both Govts³ agree.

2. US and UK Govts cannot accept, and so propose subsequently to inform Ital Govt, any responsibility for apprehension and surrender Yugo quislings at large in Italy to whose surrender both Govts agree. Both Govts, however, are prepared give to Ital Govt such assistance as they can to ensure arrest these persons.

3. US and UK Govts do not contemplate surrender those refugees whom they consider innocent of willful collaboration with enemy. Both Govts propose make available to Ital Govt lists of quislings whose surrender they agree, and tell Itals that in opinion both Govts, who have carefully examined evidence in each individual case, Itals

¹ Not printed, but see footnote 9 to Cabot's memorandum of conversation of February 25, p. 768.

² Not printed, but see footnote 3 to telegram 141, February 15, from Belgrade, p. 762.

³ Telegram 177, March 28, to Belgrade, not printed, instructed that the phrase "and proved members of Ustashi" be omitted from the note presented to the Yugoslav Foreign Ministry. This amendment had been agreed upon by United States and British representatives in Washington. The telegram added the following with respect to this omission:

"For urinfo it is intended instruct screening teams consider Ustashi on same basis as others, i. e. each case will be judged individually and on its merits." (860H.00/3-1947)

would be well advised accept decisions reached. At same time both Govts will inform Itals that surrender Yugo refugees whose collaboration with enemy was not indisputably established would create worst impression on US and UK public opinion.

4. US and UK Govts earnestly desire that as many refugees as possible should return home voluntarily and urge on Yugo Govt need to adopt measures removing honest doubts of many refugees about homeland conditions.

5. To that end both Govts suggest that Yugo Govt should (a) publish amnesty for all Yugos in exile other than those previously publicly charged as war criminals or collaborators; (b) arrange in consultation with US and UK authorities in Italy to provide Yugos in camps in Italy with info re conditions in Yugo, possibly using displaced Yugos who have since returned to Yugo for this purpose; (c) permit number of Yugos from camps to make short visit Yugo to observe conditions and on their return to Italy report observations to others; (d) improve mail facilities to allow refugees correspond freely with their families in Yugo.

Dept airmailing for your info copy note Feb 25 to Yugo Amb here stating Yugo requests for surrender Ital war criminals should be made to Ital Govt.⁴

ACHESON

⁴ Not printed.

860H.5018/3-1047 : Telegram

The Acting Secretary of State to the Embassy in Yugoslavia

RESTRICTED URGENT WASHINGTON, March 15, 1947—11 a. m.

145. Urtels 240,¹ 244,² 245,³ 246,⁴ etc.) Dept's immediately following telegram contains text release⁵ which, subject your comment, we propose making to press upon receipt your report that substance has been made known verbally to FonOff. Please inform FonOff urgently adding that decision possible small US allocations for purchase May or June referred to this statement depend upon urgent

¹ Telegram 240, March 10, from Belgrade, p. 775.

² Telegram 244, March 11, from Belgrade, not printed; it reviewed the grain situation in Yugoslavia (102.78/3-1147).

³ Telegram 245, March 11, from Belgrade, not printed; it reported that the local Red Cross representative, who was withdrawing from Yugoslavia in April, recommended rejection of a Yugoslav Red Cross request for food supplies on the ground that Yugoslavia had grossly mismanaged its situation and could probably get by on its own resources (860H.5018/3-1147).

⁴ Telegram 246, March 11, from Belgrade, not printed, reported that Yugoslavia had offered to ship 30,000 pigs to Poland. Chargé Cabot observed that this event emphasized the need for adequate controls in order to assure that any food furnished to Yugoslavia by the United States actually benefited hungry people (860H.5018/3-1147).

⁵ Telegram 146, March 15, to Belgrade, under reference here, is not printed. For the text of the Department's press release on the American position on relief to Yugoslavia, see Department of State *Bulletin*, March 30, 1947, p. 585.

Yugos showing serious Yugos need in relation other critically deficient countries and early concrete manifestation Yugos determination distribute domestic supplies to deficit area Yugos efficiently and without discrimination.⁶

For your info Dept informing UNRRA US cannot at present make grain available. Comments on publicity urtel 215, March 5⁷ noted.

ACHESON

⁶ In telegram 275, March 18, from Belgrade, Chargé Cabot reported that he had spoken to Velebit in accordance with the Department's instructions (860H.48/3-1847).

⁷ Not printed.

840.51 FC 60H/3-2747

The Yugoslav Ambassador (Kosanović) to the Acting Secretary of State

P. No. 465

The Ambassador of the Federal People's Republic of Yugoslavia presents his compliments to the Honorable the Acting Secretary of State and on behalf of the Government of the Federal People's Republic of Yugoslavia has the honor to inform that the Yugoslav property in the United States of America *videlicet* the property of the Government, of the National Bank and of Yugoslav Nationals as well as Yugoslav gold, since March 24 1941 has been subject to control and restrictions of the regulations imposed pursuant to the Trading with the Enemy Act as amended.¹ Such Yugoslav property is still governed by the aforementioned regulations, which have been imposed in a period of emergency as necessary in the interest of national defense and security.

The Government of the Federal People's Republic of Yugoslavia consider that the exercise of control over such Yugoslav assets by the United States Government has been inspired by the principles and aims which were solemnly set forth in the United Nations Declaration of January 5, 1943,² and resolution No. 6 of the United Nations Monetary and Financial Conference, and that the application of those principles has effectively prevented the common enemy from looting Yugoslav assets in the United States during the war. They consider, however, that the reasons for the said restrictions and control, have as far as Yugoslav assets are concerned, ceased to exist, and that therefore any further necessity for the application of such regulation to Yugoslav property no longer exists.

¹ Regarding the Yugoslav assets blocked in the United States, see telegram 84, January 30, from Belgrade, footnote 4, p. 754.

² For text, see *Foreign Relations*, 1943, vol. I, p. 443.

While the Yugoslav Government has with satisfaction taken notice that the assets of other Allied countries in the United States of America, have been released on the basis of agreements reached, at the same time they cannot fail to express their surprise that Yugoslav assets are still subject to the above control and restrictions.

The Yugoslav Under Secretary of State for Foreign Affairs on August 22, 1946, addressed two letters to the Honorable the Secretary of State of the United States of America, dealing with this matter: first concerning the certification of Yugoslav gold deposited with the Federal Reserve Bank in New York and the second, sent with reference to the note of the Department of State dated June 13, 1946, concerning Yugoslav property administered by the Alien Property Custodian. In this second note the idea of discussing this question was accepted and Belgrade proposed as the place for these discussions.³

The Yugoslav Government note with regret that no answer whatsoever has been received to the second note, and that only the receipt of the first has been acknowledged.

Desirous of settling this pending question, regardless of whether such Yugoslav property is administered by the United States Treasury or by the Alien Property Custodian, and also desirous of resuming normal financial and trade relations between the two countries, the Government of the Federal People's Republic of Yugoslavia has the honor to express once more their readiness to discuss the question of the Yugoslav property administered by the Alien Property Custodian, and are prepared to appoint their representatives to discuss the matter with the Department of State and the Custodian. Furthermore, the Yugoslav Government has the honor to propose that the discussions should cover the inclusion of the Federal People's Republic of Yugoslavia in the General Licence No. 95; the release of gold and account of the Yugoslav National Bank under the United States Federal Reserve Act, and the issue of a licence to the National Bank under the United States Gold Reserve Act of 1934, authorizing it to earmark and export such gold.

³ The two notes under reference here, neither of which is printed, were delivered to the Department of State by Yugoslav Embassy officers on September 13, 1946. The first note reviewed correspondence carried on in 1945 and 1946 between the Federal Reserve Bank and the Yugoslav National Bank on procedures relating to the unblocking of Yugoslav gold held by the Federal Reserve Bank. Velebit's note urged that the necessary measures be taken by the United States to unblock this gold in order that it might be used to meet the urgent needs of the Yugoslav Government. The second note stated that the Yugoslav Government was prepared to discuss with the United States Government those questions relating to the unfreezing of the assets of Yugoslav citizens in the United States and to conclude with the United States appropriate agreements covering such matters (840.51 FC 60H/S-2246). The note of June 13, 1946, from the Department of State to the Yugoslav Embassy under reference here is also not printed.

The Government of the Federal People's Republic of Yugoslavia is anxious to discuss all these questions with the Government of the United States of America within the shortest possible time and has the honor to request the Government of the United States to determine the place and the time of these negotiations.

The Government of the Federal People's Republic of Yugoslavia earnestly hope that full and friendly agreement will be reached through these negotiations.

WASHINGTON, March 27, 1947.

S. N. KOSANOVIĆ

360H.115/4-147 : Telegram

The Chargé in Yugoslavia (Cabot) to the Secretary of State

CONFIDENTIAL

BELGRADE, April 1, 1947—6 p. m.

338. Velebit today presented two notes to me. The first stated that Yugoslav Govt shares our desire for early settlement of questions concerning American property in Yugoslavia.¹ Noting that nationalization law provides for compensation to property owners and that property evaluation should be effected with participation of property owners, note proposes direct negotiations between two governments and requests US suggest place and time for negotiations. Note expresses hope that successful conclusion of negotiations will contribute to resumption of commercial and financial relations.²

Second note is copy of note delivered by Yugoslav Ambassador to Dept regarding Yugoslav gold and assets frozen in US.

[Here follows a very brief description of the note of March 27 from Ambassador Kosanovich to the Acting Secretary of State, *supra*.]

I said to Velebit that I was sure Dept would be pleased to know of Yugoslav willingness to discuss our claims and that I believed we would negotiate simultaneously about Yugoslav gold. He said that it would be agreeable to Yugoslavia if a special US representative should come to Yugoslavia to negotiate as envisaged by Dept in its telegram 811, December 5, 1946.³

¹ The note under reference is not printed.

² In telegram 338, April 1, from Belgrade, not printed, Chargé Cabot reported that in the course of this same meeting, Velebit had emphasized the Yugoslav desire for the resumption of normal commercial relations but admitted that Yugoslavia had no specific proposals to make (611.60H31/4-147).

³ Not printed.

Would appreciate early instructions as to what more I may say to Velebit.⁴

CABOT

⁴ In telegram 347, April 4, from Belgrade, not printed, Chargé Cabot commented further on the Yugoslav proposals and made the following recommendation:

"Since Yugoslavs are apparently anxious to obtain control their assets, Dept may wish to consider demanding settlement of other matters we consider of right, for example, translator and Wedge cases, as prerequisites for release of Yugoslav assets. I see no impropriety in insisting upon extraneous stipulations in this matter since only property is involved." (360H.115/4-447)

800.4016 DP/4-447: Telegram

The Ambassador in Italy (Dunn) to the Secretary of State

[Extracts]

SECRET

Rome, April 4, 1947—noon.

733. War Office has now instructed British military that soonest possible about 9,000 Ukrainian SEP will be shipped by sea to UK and about 12,000 Yugo SEP (Chetniks) now British responsibility will be shipped overland to British zone Germany. Former will revert to new status when they leave Italy but will not be documented as such until arrival UK. Yugos will be transferred as SEP and will be reclassified in Germany after screening. Formations and units to be broken up and officers separated from men wherever administratively possible.

.

Belgrade's 137, February 14 to Department¹ repeated Rome as 6 and 184 of February 26,² repeated Rome as 11, it is my opinion that allied military authorities have not failed to hand over to Yugos such persons whose forcible return has been approved by US and UK whenever their presence in allied military camps has become known.³ Military forces have had insufficient police control and qualified screening officers fully to take necessary measures for search, identification and seizure of the remainder who may be at large in Italy or even to a very

¹ Not printed, but see footnote 3 to telegram 141, February 15, from Belgrade, p. 762.

² Not printed, but see footnote 9 to the memorandum of conversation by Cabot, February 25, p. 768.

³ In response to questions in the House of Commons on April 23 and 30, British officials estimated that over 10,000 displaced persons were under joint American-British responsibility and housed in Allied Commission camps in Italy. Over 7,000 of these persons were Yugoslavs. The United States and British Governments had classified 77 Yugoslavs as quislings and traitors, and 22 had been turned over to Yugoslav authorities.

Telegram 714 from Belgrade, June 26, not printed, reported that when Maclean visited Belgrade in late June to discuss the problem of quislings and war criminals, the Yugoslav authorities stated that of 950 Yugoslav nationals requested, the Allies had agreed to deliver 249 but had actually delivered fewer than 50 (800.4016 DP/6-2647).

limited extent in camps. Nature of Yugos demands has been such as to give rise to assumption that primary aim of Yugo Government was not to obtain return to Yugoslavia of bona fide war criminals but rather to secure capture of all Yugos whose political views are opposed to that regime. In case of alleged Italian war criminals, Yugo demands were of course, wholly absurd and could only be interpreted as designed for military purposes to wreck what remains of present Italian Army organization by removal of key personnel.

Repeated to Belgrade as 34; to Department as 733.

DUNN

S60H.00/4-S47 : Telegram

The Chargé in Yugoslavia (Cabot) to the Secretary of State

CONFIDENTIAL

BELGRADE, April 8, 1947—5 p. m.

355. British Embassy having finally received instructions we have in concert today presented notes to Foreign Office regarding Yugoslav quislings in Italy in accordance with Deptels 127, March 11 and 177, March 28.¹ British Ambassador will also inform Yugoslav Government of plan (Depcirtel April 4, 1 p. m.² and Rome's 733, April 4, noon) to ship Yugoslavs to British zone Germany. He believes this will not be favorably received by Yugoslav Government but rather taken as another device to evade handing over Yugoslav quislings to Yugoslav Government.

In accordance with Department's instructions notes make no reference to question of war criminals. Since notes refer essentially only to Yugoslavs in allied camps question of war criminals would in any case be somewhat extraneous. Nevertheless it would be helpful for Embassy to be informed regarding Department's attitude in this matter in order that appropriate answer may be made to any

¹ Telegram 177 not printed, but see footnote 3 to telegram 127, March 11, p. 779.

² Not printed; it stated that the Inter-Governmental Committee on Refugees would assume responsibility for those Allied-held displaced persons in Italy eligible for care by the International Refugee Organization and that those in British custody and ineligible for such care would be transferred to the United Kingdom or to the British zone of occupation in Germany (800.00 Summaries/4-447). On the basis of agreements with Allied authorities in Italy, the IGCR assumed responsibility for the legal protection, maintenance, and resettlement of non-repatriable refugees and displaced persons previously under the care of Allied authorities. The responsibility of the IGCR for these persons was subsequently turned over to the International Refugee Organization, an organ of the United Nations.

For an authoritative account of the work of the International Refugee Organization during 1947, see *Yearbook of the United Nations, 1947-48* (Lake Success, New York: Department of Public Information, United Nations, 1949), pp. 955-968. For additional information, see *The displaced persons problem: A collection of recent official statements* (Department of State publication 2899, Washington, 1947).

Yugoslav inquiries. Despite excessive Yugoslav demands mentioned in Rome helpful telegram 733, April 4, noon, information available here indicates that we have not shown due diligence in seeking out and handing over persons in Italy who are in fact guilty of serious war crimes.

Sent Dept 355, repeated Rome 21.

CABOT

124.60H3/4-947 : Telegram

The Chargé in Yugoslavia (Cabot) to the Secretary of State

SECRET PRIORITY

BELGRADE, April 9, 1947—5 p. m.

361. Received today Foreign Office reply my note setting forth our position on immunity as outlined Deptel 90, February 21. Essence of lengthy reply is that no personal immunity is to be accorded non-diplomatic personnel of foreign missions including foreign citizens of same nationality as missions.

Note states chief cause of present difficulties is that Embassy employs persons connected quisling and anti-democratic organizations and it is duty of Yugoslav authorities under law to take measures against them.

Full text being airmailed.¹

Embassy also received today unconfirmed report that Markovich has been sentenced to 10 years. Specific charges against her and Zmejano-vich still unknown but if report is correct assume she was sentenced in secret trial.

Request Dept's authorization to send further note inquiring: (a) as to specific evidence against Embassy translators under arrest; (b) and whether comment regarding Embassy employees extends to any others and if so asking for evidence.

CABOT

¹ The text of the Yugoslav note under reference was transmitted to the Department as an enclosure to despatch 786, April 11 from Belgrade, neither printed (124.60H3/4-1147).

Editorial Note

On April 12, 1947, in Moscow, during the Fourth Session of the Council of Foreign Ministers (March 10-April 24), Edvard Kardelj, Vice President of Yugoslavia and head of the Yugoslav Delegation at the Council of Foreign Ministers, accompanied by Yugoslav Foreign Minister Stanoje Simić, called upon the Secretary of State. In the course of the conversation, which was largely given over to a consideration of the proposed Austrian Peace Treaty, Vice President

Kardelj did touch on the wish of his government to improve relations with the United States. For the record of the conversation, see volume II, page 328.

860H.5018/4-1447 : Telegram

The Chargé in Yugoslavia (Cabot) to the Secretary of State

SECRET URGENT

BELGRADE, April 14, 1947—6 p. m.

378. Embtel 360, April 9.¹ Local American correspondent informs me that Marshal Tito in interview granted local *News Chronicle* correspondent stated that American Chargé d'Affaires had told news correspondents of exports of pigs to Switzerland and that I "seemed to be following in the footsteps of Ambassador Patterson who resigned." He added that the responsibility was that of Petrovich Minister of Foreign Trade who had authorized the exports contrary to Tito's instructions.

Since Marshal Tito has again led with his chin in the food question, and I am sure to be asked to comment, I suggest Dept might authorize me upon publication of interview to issue following statement:

"Marshal Tito is correct in stating that I informed the news correspondents of the official Swiss statistics showing that there had been exports of pigs to Switzerland in January and February of this year, since it is the Embassy's policy to keep correspondents fully informed of pertinent facts. I greatly appreciate Marshal Tito's cooperation in making it clear that his earlier accusations against the US were based on erroneous information."

Alternatively, Dept might on publication of interview consider issuing somewhat stronger statement itself, the theme line of which might be the following:

"Since Marshal Tito prefers to feed the Yugoslav people fables rather than food, the Dept is very sorry for any people who may go hungry but the responsibility must be his."

I believe that a public statement in this matter is by exception justified since Tito has been caught in so many inaccurate statements, has already revealed so many facts to the Yugoslav people and has consequently found himself involved in an increasingly embarrassing situation. Even though some risks are involved, I think the opportunity of driving home the facts to public opinion throughout the world is one which should be seized.²

CABOT

¹ Not printed.

² Telegram 223, April 16 to Belgrade, not printed, stated the Department's view that official comment on the remarks attributed to Tito was not desirable "at this time". (860H.5018/4-1547)

124.60H3/4-1547

*The Embassy in Yugoslavia to the Yugoslav Foreign Ministry*¹

No. 241

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs and has the honor to acknowledge the latter's Note no. 46169 of April 5, 1947,² referring to the immunities of employees of this Embassy and particularly to the arrest of the two Yugoslav nationals, Miss Milessa Markovich and Mr. Milosh Zmejanovich who were employed by the Embassy as translators.

The Embassy notes the Ministry's view that the non-diplomatic personnel of the Embassy are not entitled to immunity and, under instructions from its Government, wishes to make it clear that the latter does not share this view. Particularly the Embassy is concerned to note the statement made in the Ministry's Note that no general personal immunity should be accorded to the non-diplomatic personnel of a foreign mission, even including citizens of the country to which the mission belongs. The Embassy is confident that the Yugoslav authorities will in practice respect the special status of the American citizens on the Embassy staff.

With regard to the two Embassy translators now under arrest the Embassy notes the Ministry's statement that the "Embassy employs persons who have been chiefly connected with quisling and anti-national organizations and who used to carry on with anti-democratic activity abusing thereto their employment with the Embassy." It is, of course, not the Embassy's intention to employ any Yugoslav citizens to whose activities the Yugoslav authorities might properly take exception, and the Embassy will not hesitate to take appropriate measures when such activities are brought to its knowledge. Nevertheless the Embassy must again point out that the information which the Ministry has transmitted to it is of a vague and general nature and must reiterate its request that it be informed of the specific charges against the two translators in question. Whereas the Government of Yugoslavia may justly insist that the employees of the Embassy engage in no improper activity, the Embassy has equally the right to be permitted to function without unwarrantable interference in its legitimate activities and those of its employees, both American and Yugoslav. The failure of the Ministry to inform the Embassy of the specific

¹ The source text was transmitted to the Department as an enclosure to despatch 790, April 15 from Belgrade, not printed. The note printed here was sent in pursuance of instructions contained in telegram 213, April 11 to Belgrade, not printed, which replied to telegram 361, April 9 from Belgrade, p. 786. (124.60H3/4-947)

² For a summary of the note under reference, see telegram 361, April 9, from Belgrade, p. 786.

charges against the two Embassy translators, despite repeated requests and oral assurances once given that they would be so transmitted, must inevitably lead to the conclusion that there has been unwarrantable interference in the proper activities of the Embassy. The Embassy is therefore confident that a statement of the specific charges against the two translators in question will be transmitted without further delay.

The above-quoted phrase in the Ministry's Note might be taken to imply that other employees of the Embassy besides the two now under arrest have been connected with quislings and anti-national organizations or that they are carrying on anti-democratic activities. The Embassy reiterates that in its own interest as well as that of Yugoslavia it will not tolerate any such activities on the part of any of its employees. It therefore requests the Ministry to inform it whether any other employees of the Embassy have been engaging in any improper activities and bespeaks the Ministry's cooperation to transmit any evidence which the Yugoslav authorities may possess in this connection, in order that it may take such measures as the nature of these activities may require.

The Government of the United States considers that a minimum condition to be observed by the Yugoslav Government to permit the effective functioning of the Embassy is that it be notified whenever the Yugoslav Government feels obliged to bring charges against Embassy personnel, and that the Embassy should be advised immediately and in detail of the nature of such charges.

The Embassy takes this occasion to renew to the Ministry of Foreign Affairs the assurances of its high consideration.

BELGRADE, April 14, 1947.

840.51 FC 60H/4-747

*The Acting Secretary of State to the Yugoslav Ambassador
(Kosanović)¹*

The Acting Secretary of State presents his compliments to His Excellency the Ambassador of Yugoslavia and has the honor to refer

¹ Note P. No. 654, May 13, from Ambassador Kosanović to the Secretary of State, not printed, replied to this note. It stated that the Yugoslav Government agreed to begin discussions in Washington on May 19 and named Assistant Foreign Minister Velebit as the Yugoslav representative in those discussions (840.51 FC 60H/5-1347). Velebit was in the United States to attend the special session of the United Nations General Assembly.

On May 16, the United States and Yugoslavia issued a joint statement regarding the negotiations for mutual restoration of civil property which were to begin in Washington on May 19. For the text of the statement, see Department of State *Bulletin*, May 25, 1947, p. 1041.

to his note P. No. 465 of March 27, 1947, in which, on behalf of his Government, the Ambassador expresses its desire to discuss with the Government of the United States within the shortest possible time the question of such Yugoslav property in the United States as is now administered by the United States Treasury or by the Office of Alien Property, and related questions.

The United States Government is pleased to note the proposal of the Yugoslav Government to initiate negotiations on these questions. It is also pleased to learn that the Yugoslav Government, as indicated in the latter's note presented to the Embassy of the United States in Belgrade on April 1,² shares the desire of the United States Government to bring about an early settlement of questions concerning American property in Yugoslavia. It appears appropriate, moreover, that such negotiations should cover a final settlement of the lend-lease accounts between Yugoslavia and the United States and any other financial claims of one government or its citizens against the other.

Noting that in the aforementioned communications the Government of Yugoslavia has requested that the Government of the United States determine the place and time of any discussions, the latter Government has the honor to invite the Yugoslav Government to meet with it in Washington on May 19 to open discussions to settle the questions of Yugoslav property in the United States and the various outstanding claims of the United States and its citizens on the Yugoslav Government. The United States Government earnestly hopes that the Yugoslav Government will be able to accept this invitation for this date, or for an alternative date which it may wish to suggest, and that these outstanding questions may be resolved to the mutual satisfaction of both Governments.

WASHINGTON, April 18, 1947.

² For a summary of the note under reference here, see paragraph 1 of telegram 338, April 1, from Belgrade, p. 783.

S60H.00/4-2347 : Telegram

The Chargé in Yugoslavia (Cabot) to the Secretary of State

CONFIDENTIAL

BELGRADE, April 23, 1947—10 a. m.

410. In 13-page note dated April 17 but received today Foreign Office replies to Embassy note 229 of April 8.¹ Summary follows:

Yugoslav Government has frequently requested extradition of Yugoslav quislings and believes only itself and Yugoslav courts have right to decide guilt of such persons. Government extremely [apparent

¹ Regarding the Embassy note under reference here, see telegram 355, April 8, from Belgrade, p. 785.

omission] with delays and with arrangements to be made by Allies with Italian authorities for apprehension of quislings at large in Italy. Responsibility for such apprehension rests with Allied military authorities who should complete arrests prior to withdrawal from Italy. Yugoslavs protest Allied intention to warn Italians to surrender only those refugees indisputably guilty as only Yugoslav courts can establish extent of guilt. Anglo-American suggestions with regard to voluntary return of refugees are unacceptable as Yugoslavs have made every effort to facilitate repatriation while Allied attitude has made repatriation impossible in permitting terror and anti-Yugoslav propaganda in camps and in forbidding pro-return propaganda.

Successful settlement this question depends on change of attitude accordance proposals contained in note of Yugoslav Ambassador London of November 30, 1946 (ten points our [*their*] note quoted).² Yugoslav Government therefore rejects proposals contained in Embassy note and considers amnesty already granted to all quislings except criminals sufficiently extensive. Yugoslav Government repeats that it is responsibility of US and UK Governments to extradite all quislings prior to withdrawal from Italy.

Texts of notes being airmailed.³

Sent Dept 410, repeated Rome for USPolAd, Leghorn 26, London 11, Moscow 20.

CABOT

² The Yugoslav note referred to here was sent to the British Foreign Office.

³ Despatch 812, April 23 from Belgrade, not printed, to which the text of the Yugoslav note of April 17 was attached as an enclosure, analyzed the Yugoslav note in detail and made the following concluding observation:

"In short, the Yugoslav note is blunt in tone, sweeping in the demands it makes upon the United States and Great Britain with regard to the delivery of Yugoslav quislings and a virtually complete rejection of the Anglo-American proposals. If the Embassy's information is correct, however, it appears that many of the Yugoslav demands are only too well justified. We must not let either the provocative tenor of the note or our many just grievances at Yugoslavia's conduct blind us to the deplorable picture which our record in this matter presents. The Embassy most strongly recommends that the Department approach the Yugoslav note in a spirit of seeking to correct a shocking situation rather than to cover over its existence." (740.00116 EW/4-2347)

740.00116 EW/5-547

*The Second Secretary of the British Embassy (Solly-Flood) to the Acting Chief of the Division of Southern European Affairs (Barbour)*¹

CONFIDENTIAL

WASHINGTON, 5 May, 1947.

Ref: 527/348/47

MY DEAR WALLY: You will recall that I raised with you informally some days ago the question of divergence in attitude between our two

¹ Copies of this memorandum were sent as enclosures to instruction 653, May 20 to Belgrade, and instruction 7030, October 30 to Berlin, neither printed (740.00116 EW/5-2647, 9-3047).

Governments about Yugoslav applications for the surrender of alleged war criminals. We told the Foreign Office that you were considering tentatively at the working level the establishment of a cut-off date, after which no further applications would be considered. We also informed them that you were not too happy about the category of agreed quislings. In addition, the Foreign Office have, of course, noted your refusal to allow the surrenders of Messrs. Kuvezdic, Grdjić and Dujsin.² We have now received the Foreign Office's comments both about the principles involved and about your attitude with reference to these individual applications.

The Foreign Office have asked us to remind you that on 9th October, 1945, His Majesty's Government in the United Kingdom addressed a communication to the Yugoslav Government stating that they would surrender those traitors and collaborators in their hands, provided that in each instance the Yugoslav Government was able to establish a *prima facie* case of guilt. Subsequently it was agreed by His Majesty's Government to hand over all proven active members of the Ustashi. His Majesty's Government have repeated these two undertakings to the Yugoslav Government *ad nauseam*, finally giving a further undertaking to honour them when our two Governments made their joint communication to the Yugoslav Government on 8th April, 1947.³ His Majesty's Government are unable to renounce their public undertakings and they can see no reason to do so. They share the view of the United States Government that especial care should be taken to hand back none but genuine collaborators, but they consider that sympathy is wasted upon persons who whatever their motives gave their support to the regimes of Pavelić and Ljotić.⁴ British courts have condemned

² Zivan Kuvezdić had been a member of the Parliament of occupied Croatia and Minister without Portfolio, 1943-1945, in the Croatian puppet-government headed by Ante Pavelić. Ignacije Dujšin had been a journalist in wartime Croatia. Radmilo Grdjić, a pre-war Minister of the Royal Yugoslav Household, was alleged to have served as an agent of the Italian Secret Police in wartime Croatia. All three fled to Italy in 1945 where they were arrested by British authorities in April 1947.

In letters to Solly-Flood dated April 30 and May 5, none printed, Barbour stated that the United States was unable to concur in the handing over of these three individuals to the Yugoslav authorities. Barbour maintained that the Yugoslav authorities appeared to have requested the delivery of these individuals primarily because of their opposition to the current Yugoslav regime. Willful and active collaboration with the enemy or commission of atrocious crimes had not been satisfactorily established. (S60H.00/4-847 and 740.00116 EW/4-1646)

³ Regarding the delivery of the note under reference, see telegram 355, April 8 from Belgrade, p. 785.

⁴ Dimitrije Ljotić had headed an authoritarian political movement in German-occupied Serbia and had cooperated with the puppet-regime of General Nedić. Prior to his death in April 1945, Ljotić had played a leading role among those Yugoslav forces who were resisting the Communist-led Partisan movement.

to death or long sentences of imprisonment British subjects whose aid to the enemy was limited to broadcasts on the German wireless, and the Foreign Office consider that there is at least no certainty that in general quislings and collaborators handed over to the Yugoslav Government are likely to receive unduly harsh treatment. His Majesty's Ambassador at Belgrade in a recent telegram to the Foreign Office pointed this out very forcibly and drew attention to the fact that even prominent collaborators such as the former head of Nedic's Propaganda Service only received five years hard labour. He is of the opinion that since the rank and file in the Yugoslav refugee camps abroad are in the majority ignorant and bewildered peasants, they are likely to be interrogated upon their return to Yugoslavia and perhaps detained for a week or two in repatriation centres. After that, if they keep their mouths shut and do as they are told, he does not believe that they are likely to be victimized. He believes that the Yugoslav Government are genuinely afraid that His Majesty's Government and the United States Government intend to maintain Yugoslav *émigrés* abroad as a means and centre of anti-Yugoslav activity.

The Foreign Office are most anxious to concert their policy with yours, but they cannot do this to the length of repudiating an international undertaking freely given. They note, however, that in the case of General Damjanovic, the leader of Chetniks, you declared that a decision about him must be taken by His Majesty's Government alone, and that you so informed the Yugoslavs.⁵ They therefore assume that the removal of all the occupants in British camps in Italy to Germany means an end of joint responsibility for their treatment and that the disposal of persons thus transferred will be effected in the way in which that of the Yugoslavs in the British zone of Germany has always been effected, namely, on the decision of His Majesty's Government without reference to the United States Government.

In the light of the foregoing, the Foreign Office hope that you will now alter your views and agree to the surrender of Kuvezdic, Dujšin and Grdjic, or that you will at least withdraw your objections to such action.

Yours very sincerely,

PETER
P. SOLLY-FLOOD

⁵ In response to a Yugoslav request of February 21 that Gen. Miodrag Damjanovic be turned over to Yugoslav authorities for trial on war crimes charges, the Department of State informed the Yugoslav Embassy on March 10 that General Damjanovic was in British custody and that his return would be a matter of British responsibility (740.00116 EW/2-2147).

123 Cabot, John M. : Telegram

The Chargé in Yugoslavia (Cabot) to the Secretary of State

RESTRICTED

BELGRADE, May 6, 1947—3 p. m.

455. On Friday¹ evening while starting brief trip with my wife, Agricultural Attaché² and Mrs. Kling and Col. Stratton³ to get to know country, had disagreeable incident at Pec.⁴ After routine check finished, captain of local militia and young civilian, evidently OZNA agent, demanded special check and surrender of film in my camera alleging, so I understand, that I had taken picture at Mitrovitza (when I had photographed ruined castle) and that I might also have photographed military installations (which I had not). I tried to dissuade him and eventually pointed to my diplomatic immunity but he refused to recognize it.

I asked to see his commander but he claimed he was in command. I asked to leave the room to telephone Belgrade but he blocked door and stated that he would detain me by force till I surrendered film. He also refused to telephone Belgrade himself or to give his name despite repeated requests. Both he and OZNA agent became decidedly insulting. I told him he might see but not take camera thinking thus to lessen incident. However, he yanked it from me and took it away. In fairness to him he had said he would keep it till following morning but this had not been translated.

In meantime, he had also entered Mr. Kling's room and removed his camera without permission. I immediately telegraphed Embassy, telephone being allegedly out of order. One hour later both cameras and our diplomatic cards were returned without explanation or apology. Following day we were checked at several nearby points on road closely followed and one further attempt was made to get a film but we talked man out of it.

Entire incident witnessed by Mr. and Mrs. Kling who translated, Col. Stratton and several Yugoslavs. All Americans have seen and approve above statement of fact. Despite great provocation no American at any time by action or word gave any just cause for Yugoslav criticism. Incident was the worse because several high Foreign Office officials knew of and had encouraged trip, also Putnik⁵ had made arrangements. Officials at Pec knew of this independently so no question mistaken identity involved.

¹ May 2.

² William Kling.

³ Lt. Col. Chester M. Stratton, Assistant Military Attaché.

⁴ Near the Albanian border.

⁵ The official Yugoslav tourist agency.

Department will realize incident unanswerably proves Department's wisdom in refusing passports to American tourists who wish to visit Yugoslavia.⁶

Upon receiving my telegram Mr. Hickok immediately called at Foreign Office to register oral protest (which was later followed by written one) and demanded release of diplomatic cards and cameras. Foreign Office expressed regret [and] promised to effect release by telephone but has not replied to note.⁷

I plan vigorous further representations to Simich⁸ or Bebler as soon as I can see them but would appreciate Department's instructions.⁹

CABOT

⁶ A memorandum describing the incident at Pec involving Chargé Cabot was sent to Ambassador Kosanović on May 10, under cover of a letter from Walworth Barbour which read in part as follows:

"... I thought you might find the circumstances of the case of interest as illustrative of one of the factors in present conditions in Yugoslavia which have led to our conclusion that it is impossible for us to authorize tourists to proceed to your country at this time." (123 Cabot, John M.)

⁷ In telegram 470, May 9, from Belgrade, not printed, Chargé Cabot reported that he had received a note from the Foreign Ministry expressing regret for the incident at Pec. Assistant Foreign Minister Aleš Bebler had also expressed his personal regrets. The texts of the Embassy's note of May 2 and the Yugoslav Foreign Ministry reply of May 9 were transmitted in telegram 472, May 10, from Belgrade, not printed (123 Cabot, John M.).

⁸ Stanoje Simić, Yugoslav Foreign Minister.

⁹ Telegram 297, May 7, to Belgrade, not printed, approved the action taken by Chargé Cabot and authorized delivery of a supplementary note demanding a formal apology (123 Cabot, John M.). These instructions were superseded by those contained in telegram 313, May 13, to Belgrade, *infra*.

123 Cabot, John M.: Telegram

The Secretary of State to the Embassy in Yugoslavia

CONFIDENTIAL URGENT WASHINGTON, May 13, 1947—noon.

313. Urtels 472 and 473.¹ You are authorized to acknowledge FonOff reply re Pec incident stating Dept appreciates Yugos expression regrets and of confidence that such occurrences will not be repeated and adding that US Govt hopes that Yugos are taking appropriate disciplinary action against individuals responsible, and effective measures to prevent the repetition of such incidents.²

For your info, while Dept, in absence accompanying disciplinary and future preventive action, regards Yugos expression of "regrets"

¹ Neither of the telegrams under reference is printed. They were both concerned with the transmission to the Department of the texts of the exchange of notes between the Embassy in Belgrade and the Yugoslav Foreign Ministry regarding the Pec incident (123 Cabot, John M.).

² The Embassy sent a note to the Yugoslav Foreign Ministry on May 16 in pursuance of these instructions. A copy of the Embassy's note, dated May 15, was transmitted to the Department in despatch 875, May 19, from Belgrade, neither printed (123 Cabot, John M.).

less than satisfactory basis resolution matter, it is felt further representations, either along lines suggested urtel 470 May 9³ re personal apology by responsible Yugos officials and request release Wedge and translators or otherwise unlikely achieve useful result present circumstances and consequently inadvisable.

Dept contemplates making background memorandum together substance notes exchanged available press here noon May 13 and you may so inform FonOff.

MARSHALL

³ Not printed.

124.60H3/5-1547 : Telegram

The Chargé in Yugoslavia (Cabot) to the Secretary of State

TOP SECRET

BELGRADE, May 15, 1947—8 p. m.

511. Recent incidents in which Embassy's immunities disregarded (Embassy's telegrams 455, May 4 [6]; 474, May 10¹) and increasing evidence that Yugoslavs intend to vent their bitterness against American policies on Embassy (Embassy's telegrams 491, May 12; 499, May 14; 503, May 15; Embassy's despatch 806, April 21²) require further examination of Embassy's position which is becoming increasingly untenable. By systematically terrorizing Yugoslav employees and domestic servants, refusing housing permits and in half dozen other ways Embassy could be put out of business altogether. Embassy should not ask Yugoslav employees day in and day out to face possible defamation, torture and death simply because they are employed by us. It is to be noted that Yugoslavs recognize no legal impediment to going after non-commissioned American employees. Moreover through pressure on Yugoslav employees Embassy is known to have become infested with spies and I am gravely concerned about security arrangements (Embassy's telegram 232 [231], March 8³).

Since Yugoslavs refuse to accept usual precepts of international comity re Embassy privileges or our legal arguments re Embassy immuni-

¹ Telegram 474 not printed; it reported that on May 9, the apartment of Embassy Special Disbursing Officer James N. Spitler had been entered by two Yugoslav soldiers despite Spitler's claim to diplomatic immunity (123 Spitler).

² None of the messages under reference here are printed. Telegram 491 reported that there were indications that the trial on spy charges of Embassy translators Markovich and Zmejanovich appeared imminent. Telegram 499 reported that Yugoslav officials were harassing the lawyer who had defended Embassy Guard Wedge and Embassy employee Stefanovich before the Yugoslav courts. Telegram 503 reported that an invaluable Embassy alien employee had been interrogated by the Yugoslav secret police and her cooperation sought for spying on the Embassy. Despatch 806 reported on the obstacles placed in the way of Embassy personnel in obtaining living quarters (124.60H3/5-1247, 5-1447, 5-1547, 4-2147).

³ Not printed.

ties apparently only way left open to secure normal privileges and immunities is coercion. I believe most effective means of coercion would be warning that if situation is not promptly redressed we will block all private remittances to Yugoslavs except under special licenses. Recent figures not available to Embassy but pre-war figures indicate Yugoslav balances on immigrant remittances alone amounted to from \$4 to \$14 million a year. Department doubtless can secure post-war figures. In addition Embassy is passing out approximately \$200,000 in veterans benefits per year, Consulate Zagreb is believed to be handling even larger sum and Yugoslav Government is seeking dollar exchange through enforced settlement of estates and bank balances in US (Embassy telegram 504, May 15 ⁴).

This exchange in hard currency will be desperately needed by Yugoslavs to help finance their 5-year plan and there is no direct means known by Embassy by which they might retaliate if we blocked remittances. Pressure on Yugoslavs of such a move would be continuous and cumulative. Principal objection would of course be hardships imposed on private recipients and consequent howl from senders in US. This might be counteracted by pointing out (a) that due to laws requiring transfer all foreign currency and credits to Government and artificial exchange rate Yugoslav Government is actually collecting over three-fourths of value of money transmitted; (b) that parcels of food and clothing can be transmitted which in general are likely to benefit recipients more than actual cash.

I, therefore, strongly recommend to Department that we inform Yugoslavs either in Washington or here that unless normal Embassy privileges and immunities are respected and past breaches of them corrected insofar as this can still be done, we will block private remittances. Especially I suggest that we might require some or all of following: (a) Release of Wedge and of two translators unless acceptable evidence of Nazi collaboration is produced against them; (b) an undertaking that staff of Embassy will hereafter be respected with the understanding that Americans who may be shown to have been engaged in improper activities shall be withdrawn and Yugoslavs so engaged shall be discharged (I regret to say that there is substantial evidence that in past both Americans and Yugoslavs attached to Embassy staff have been engaged in improper activities and to this extent the Yugoslav position is justified, Embassy despatch 498, September 13, 1946; 592, January 13, 1947; 827, April 28, 1947 ⁵; nevertheless since my arrival here I have insisted that our Yugoslav

⁴ Not printed.

⁵ None of the despatches under reference here is printed.

employees not engage in such activities and there is no evidence that they have done so. This has made no perceptible difference in Yugoslav attitude toward Embassy). (c) Passes be furnished for all American employees of Embassy to travel freely as stipulated in Convention of 1881; (d) housing permits for staff when they find and make agreements for quarters appropriate by American standards; (e) a fairer, less discriminatory exchange rate (by their own admission most of other diplomatic missions are buying on black market and at least one, the Rumanian, has special arrangement with Government by which it obtains a highly favorable exchange rate; even Government store selling folk arts to tourists quotes dollars at 150 to 1 with National Bank's approval).

I presume that President could still block remittances by executive action under war time powers. If this is not case I still strongly urge above plan on Department even though introduction of special legislation would be necessary. Tightening coils around Embassy are gradually squeezing it to paralysis and further smear trials will not only destroy what prestige it has left but also strengthen regime. Although I am naturally not in position to make general recommendations it would seem that legislation by which we could block such remittances to any Soviet satellites which did not respect privileges and immunities of our Embassies to them might be effective in obtaining such respect in those countries also. Department will appreciate that if it decides to act on this recommendation question of timing is important: In view of impending smear trial warning might be given immediately on basis of failure to get satisfaction despite repeated representations or might be held in abeyance till further provocative incident actually occurs.

Another step which I believe would be very prejudicial to Yugoslavs would be closing of their Consulates in US which are presumably centers of propaganda and spying on anti-Tito Yugoslavs. This would undoubtedly entail closing of our Consulates and as a reminder of closing of Nazi Consulates in 1941 would be regarded by American public opinion as a grave step. I, therefore, do not recommend it at the present time.⁶

CABOT

⁶ Telegram 333, May 22, to Belgrade, not printed, replying to this telegram, stated that the Department was urgently examining the possibility of replacing the principal Yugoslav personnel at the Embassy with American clerks. Consideration had been given to the other suggestions made by Chargé Cabot, but action thereon was not believed feasible "at this time". (124.60H3/5-1547)

740.00116 EW/5-1547 : Telegram

The Chargé in Yugoslavia (Cabot) to the Secretary of State

SECRET

BELGRADE, May 15, 1947—10 p. m.

513. After careful consideration I must respectfully express my concern reference Department's telegram 30, May 2 to Leghorn repeated Rome 633 and Belgrade 282.¹ Embassy continues dependent on British Embassy and local press for information regarding progress made in handing over quislings and war criminals to Yugoslav authorities; first source is not complete and second obviously inaccurate. Embassy has impression that despite recent progress made this has been largely due to British efforts and that we are still failing to show due diligence with respect our commitments. (Department's telegram 342, October 11, 1945,² Embassy does not have in files copies notes addressed to Yugoslav Embassy Washington.) Department will observe that although nineteen months have elapsed since we agreed to turn over without delay guilty Yugoslavs in our custody, screening of camps under Allied control did not start until recently and has not been completed. As a pointed example of culpable negligence, British Screening Commission found among 500 men screened 3 to whose surrender British and Americans had agreed openly living under own names in camp. This is but one of many indications which have reached Embassy that Anglo-American military authorities have been at least remiss in trying to carry out our formal commitments.

I must emphasize to Department that unless this Embassy is misinformed in absence of effective action or even explanation, Yugoslav Government is justified in feeling that we have not scrupulously respected our commitments and that it is therefore the more incumbent upon us to bestir ourselves now. For this reason I am concerned at our discouraging British from arresting and turning over to Yugoslavs notorious Yugoslav quislings openly residing in Italy unless we intend to see to it that Italians do take effective measures. I would appreciate Department's comments on Bebler's statement forwarded Embassy's despatch 859, May 13³ and particularly his statement that

¹ Not printed; it stated that instructions would soon be forthcoming from the Combined Chiefs of Staff relieving the Supreme Allied Commander, Mediterranean Theater of all responsibility for the apprehension and handover of Yugoslav quislings and traitors not in military custody. Such apprehension and handover would become the responsibility of Italian authorities. These instructions are described in the memorandum of May 29 from the Combined Chiefs of Staff to the Department of State and British Embassy, p. 803. In the meanwhile, the Supreme Allied Commander was to be informed that the United States Government opposed any use by him of police powers to search for alleged quislings and traitors not currently in Allied custody (740.00116 EW/4-1947).

² Same as telegram 888, October 11, 1945, to Caserta, *Foreign Relations*, 1945, vol. v, p. 1265.

³ Not printed.

not a single Italian war criminal has yet been delivered to Yugoslavs. Having personally seen the terrible devastation in Montenegro and Dalmatia, some of which was caused by Italians, I can understand bitterness in this country at our apparent failure to carry out our pledges.

If we consider it inadvisable because of world political situation or unfriendly acts of Yugoslav authorities or lack of justice in this country to hand over Yugoslav quislings to Yugoslav authorities we should so inform this government. Quite apart from fact that this would be highly embarrassing so soon after our note April 8,⁴ I do not see what justice or wisdom there could be in sheltering notorious quislings and war criminals from their just deserts. Many of those sought by Yugoslavs are of course guilty of nothing more than opposition to present regime and we must refuse hand over anyone against whom prima facie case is not made; but from information available here it appears that we could easily arrest many whose guilt is perfectly plain. I respectfully submit that it is inexcusable after these many months to reiterate our commitments and yet not only to take no effective action but also to obstruct others from taking it. Means must be found to correct this situation whether the action be taken by the American, British or Italian authorities.⁵

Sent Department 513, repeated Rome as 36 Leghorn.

CABOT

⁴ Regarding the note under reference here, see telegram 355, April 8, from Belgrade, p. 785.

⁵ Telegram 335, May 23, to Belgrade, not printed, replied to this telegram by explaining that the United States position on the general problems involved in Yugoslavia's requests for the surrender of alleged quislings was set forth in detail in an exchange of letters with the British Embassy in Washington (740.00116 EW/5-1547). Presumably the reference is to the exchange of letters of May 5 (p. 791) and May 19 (*infra*) between Peter Solly-Flood of the British Embassy and Walworth Barbour, copies of which were transmitted to Embassy Belgrade as enclosures to instruction 653, May 20, not printed.

740.00116 EW/5-547

*The Acting Chief of the Division of Southern European Affairs
(Barbour) to the Second Secretary of the British Embassy
(Solly-Flood)*¹

CONFIDENTIAL

[WASHINGTON,] May 19, 1947.

MY DEAR PETER: I have your letter of May 5, 1947 with general reference to various aspects of the problems involved in connection

¹ In a reply dated June 14, Ref: 527/474/47, not printed, Solly-Flood stated that the British Foreign Office was prepared in general to accept the views presented by Barbour. The British Foreign Office proposed that an American officer be appointed to serve as a United States legal adviser in Italy who would join with

with the surrender to the Yugoslav authorities of individuals alleged to be "collaborators and war criminals".

I have noted with interest the views of the British Foreign Office and the British Ambassador in Belgrade concerning Yugoslav justice. I regret that, based on the experience of this Government, I cannot agree with those opinions. It seems to us that the weight of evidence clearly indicates a general finding that the Yugoslav Government is meting out unduly harsh treatment to opponents of the present Yugoslav regime and that it is using charges of collaboration, which the individual is not permitted to refute in open court, as a weapon in an increasingly severe campaign of repression against opposing elements. Individual cases can no doubt be cited, such as those mentioned by the British Ambassador, wherein sentences were comparatively light. However, I cannot help feeling that such instances are notably few, exceptional to the general practice, and usually the result of ulterior circumstances.

As regards the Foreign Office's view that it is committed to the Yugoslavs to surrender traitors and collaborators upon the establishment by the Yugoslavs of *prima facie* cases of guilt and to the surrender of proved members of the Ustashi, the United States Government did in fact concur in various British communications to the Yugoslavs to that effect. But in the light of subsequent developments, we frankly do not feel that such communications are now necessarily applicable. We have consequently, as I previously informed you orally, withdrawn our concurrence in the surrender of Ustashi as a group. It is our belief that, in a matter involving so basic a humanitarian principle as the protection of persons under our jurisdiction from victimization through the perversion of justice, we cannot, in the light of our subsequent experience, be bound by earlier expressions of intention.

You note an apparent divergence in attitude between our two Governments in considering individual cases and inquire concerning the status of our joint responsibility in this connection. I believe there

a British legal adviser in reviewing all outstanding cases of alleged quislings in custody who were a joint United States-British responsibility. The British Foreign Office further proposed that those persons in custody whose cases were still under review when the Treaty of Peace with Italy came into force be removed to the British zone of occupation of Germany on the clear understanding that their disposal remained a joint responsibility. In a letter to Solly-Flood dated July 2, not printed, Barbour stated that the United States agreed in principle with the proposal for the appointment of a United States legal adviser and had no objection to the proposed removal to the British zone of Germany of those persons whose cases were still under review. Ben A. Smith was subsequently designated as the United States legal adviser. Suggestions and background information for the legal adviser were furnished in instruction 7030, October 30, to Berlin, not printed (740.00116 EW/6-1447, 9-3047).

may be a misunderstanding of the United States position in this matter and the background underlying the present coordination of action between the Foreign Office and the Department. It has been our view, with which I believe you will agree, that the ultimate responsibility for the surrender of individuals lies in each case with the Government in whose custody the individual is held. Thus the British are responsible for persons in exclusively British jurisdiction, as we are for those in United States jurisdiction, and we have joint responsibility in areas under combined authority. This has been the position of the United States right along and explains our action in the case of General Damjanovic. However, I recall that when, a year or so ago, we were minded to take that attitude with regard to all persons who might be found in British custody Mr. Pares, while recognizing the soundness of our position, specifically asked that, in the interests of maintaining coordinated policy towards Yugoslavia in this problem, we continue to express our opinions as to the surrender of such individuals. We were pleased to comply with his request at that time and I feel that that coordination has been useful. However, if the Foreign Office now believes that further continuance of the arrangement will prove embarrassing, we obviously cannot have any objection to your Government adopting such measures as you may deem necessary in the cases of persons who are your responsibility. As for those remaining areas in which we still have joint authority, we cannot agree to individuals being surrendered to the Yugoslavs without our specific approval in each case. On the other hand, if, in any instance, your Government feels that our refusal of such approval is embarrassing to you, we would likewise have no objection to the Yugoslavs being informed in the circumstances.

Your letter under acknowledgment specifically asks that we reconsider our position in regard to Kuvezdić, Dujšin and Grdjić. I understand that, while those three persons are in British custody there is some question whether their arrest was carried out under combined authority, and consequently I must ask that they not be turned over without our specific approval which, as previously indicated in my letter of April 30 and May 5, we are not in a position to give on the basis of the information at present in our possession.

I hope that the foregoing may serve to clarify certain aspects of our attitude in this matter. Any comments you may have will be most welcome.

Sincerely yours,

WALWORTH BARBOUR

860H.00/5-2947

Memorandum by the Combined Chiefs of Staff to the Department of State and the British Embassy

SECRET

WASHINGTON, 29 May 1947.

The Supreme Allied Commander, Mediterranean (SACMED) has informed the Combined Chiefs of Staff by a dispatch dated 20 February 1947¹ that in view of impending reestablishment of diplomatic relations between Yugoslavia and Italy² and the terms of the peace treaty³ he believes that the military should be relieved of the problem of the apprehension and handover of Yugoslav quislings, except those in military custody. He further states that in view of the early close-out in that theater and the present reduction of Allied agencies, personnel is no longer available to deal effectively with this matter. He requests that he be relieved of responsibility as to quislings required by Yugoslavia except as to those now in Allied military custody.

The British and United States Governments have given assurance to the Yugoslav Government that every endeavor would be made to apprehend and hand over to that government Yugoslav quislings in Italy. Every effort has been made by SACMED to comply with instructions issued to him on 26 March 1946 in this matter and Yugoslav quislings so apprehended have been processed in accordance with the present approved procedure.

The ratification of the Italian Peace Treaty⁴ will cause a rapid withdrawal of the British and American military personnel in Italy and the signing of the treaty has already caused a drastic reduction in other personnel of various Allied agencies in Italy that have heretofore been used for the apprehension of Yugoslav quislings. The limited personnel available for this work has impaired the ability of SACMED to carry out his instructions in this matter as a result of which he can well be open to criticism by the Yugoslav Government for alleged lack of cooperation caused by a situation over which he has no control.

Article XLV of peace treaty provides that Italy shall take the necessary steps to insure the apprehension and surrender for trial of: (a) Persons accused of having committed, ordered or abetted war crimes and crimes against peace or humanity; (b) Nationals of any

¹ Not printed.

² Italy and Yugoslavia resumed diplomatic relations in mid-March 1947.

³ The Treaty of Peace with Italy was signed in Paris on February 10, 1947; for the text, see Department of State Treaties and Other International Acts Series (TIAS) No. 1648. For documentation regarding the signing and ratification of the Peace Treaty with Italy, see volume III.

⁴ Ratifications of the Peace Treaty with Italy were deposited on September 15, 1947 and the treaty went into effect at the same time.

Allied or Associated Power accused of having violated their national law by treason or collaboration with the enemy during the war. It also provides that if there is any disagreement as to the application of these provisions such disagreement shall be referred by the government concerned to the ambassadors in Rome of the United States, USSR, United Kingdom, and France, who will reach agreement with regard to the difficulty.

Therefore, SACMED has been relieved of all responsibility for the apprehension and handover of alleged Yugoslav quislings in Italy except those now in military custody. This latter group will be processed in accordance with existing procedures.

It is requested that the Governments of the United Kingdom and of the United States take appropriate diplomatic action to advise the Yugoslav Government of the inability of the Governments of the United Kingdom and of the United States to cooperate further in the apprehension and handing over of alleged Yugoslav quislings in Italy except those now in military custody.⁵

For the Combined Chiefs of Staff:

C. R. PRICE,
Brigadier,
 W. G. LALOR,
Captain, U.S. Navy,
Combined Secretariat.

⁵ In a communication dated June 10, the Department of State pointed out to the Combined Chiefs of Staff that in substantially identical notes dated April 8, the American and British Embassies in Yugoslavia had informed the Yugoslav Foreign Ministry that the British and American Governments could no longer accept any responsibility for the apprehension and surrender of Yugoslav quislings at large in Italy. The communication concluded that no further diplomatic action in this matter was required "at this time". (860H.00/5-2947)

740.00116 FW/5-2947 : Telegram

The Ambassador in Italy (Dunn) to the Secretary of State

[Extracts]

TOP SECRET

Rome, May 29, 1947—7 p. m.

1338. I have read with interest Belgrade's 513, May 15 to Department repeated Rome 36 and Leghorn. Quite apart from larger issues of policy involved, it is in my view unrealistic to expect that Allied military authorities can, even though not yet formally relieved of responsibility for arrests of quislings and war criminals at large in Italy (Deptel 30 May 2 to Leghorn, repeated to Rome 633 and Belgrade

282),¹ continuously and effectively round up such persons with the limited means and personnel remaining at their disposal. Even recent arrests to which we have taken exception have, as stated in Leghorn's 44, April 10,² been undertaken by Italian civil police and British military together. American military authorities have been kept informed on British initiative in all instances, but in view of Department's position have been unwilling participate even to this extent. The inevitable result has been the misunderstanding described in Leghorn's 58, April 19 to Department, repeated Belgrade from Rome 55,³ British will now suspend action except to inform Italians of known or suspected whereabouts of alleged criminals.

I can only agree with Belgrade's observation that there has been long delay in establishing Allied screening teams to uncover undesirables in camps under Allied military control (as directed in FAN 757, May 24⁴) but I do not think the military authorities should be accused of "culpable negligence" since they had long tried to obtain governmental approval of and personnel to implement plans for screening insofar as establishment of prima facie case of guilt in individual cases is concerned, it has always been assumed here that burden of proof is on Yugoslav Government and I have firm impression that that government is notoriously unwilling or unable to back up its sweeping

¹ Not printed, but see footnote 1 to telegram 513, May 15, from Belgrade, p. 799.

² Not printed.

³ The text of telegram 58, April 19, from Leghorn, transmitted as telegram 868, April 19, from Rome, not printed, reported on recent measures by British military authorities in Italy to apprehend alleged Yugoslav war criminals and quislings at large in Italy or currently in Allied-controlled displaced persons camps. The message pointed out the problems that resulted from the absence of agreements between the Department of State and the British Foreign Office on the following matters: (a) whether Allied military authorities were to continue to be responsible for the apprehension of alleged Yugoslav war criminals and quislings at large in Italy; (b) which Yugoslavs were to be subject to forcible repatriation to Yugoslavia; (c) what procedure was to be adopted to identify Yugoslavs held in Allied camps in Italy for forcible repatriation (740.00116 EW/4-1947).

⁴ Not printed; it transmitted instructions intended to govern the work of British-American teams that would screen Allied displaced persons camps in Italy for persons eligible or not eligible for the care of the Intergovernmental Committee on Refugees. The screening teams were to identify persons who were eligible for care by the IGCR, those who were willing to be repatriated to Yugoslavia, and those who might be subject to involuntary repatriation. The recommendations of the screening teams were to be examined by a Review Committee consisting of the Supreme Allied Commander, Mediterranean Theater, and his American and British Political Advisers, and the findings and conclusions of the Review Committee would in turn be referred to the United States and British Governments for final action. The following categories of persons were to be considered subject to involuntary repatriation to Yugoslavia: (a) persons enlisted in German armed forces unless it could be shown that their enlistment had been involuntary; (b) those who had committed atrocious crimes, or war crimes against the Allies; (c) those against whom a prima facie case could be made to show that they had voluntarily rendered aid and comfort to the enemy. (800.4016 DP/5-2447)

demands for Yugoslavs in Italy with positive identification and details of alleged crimes. I hope there is no disagreement that in general, extradition can only be effected when the authorities under whose jurisdiction accused may be are satisfied that a prima facie case exists.

Re penultimate paragraph Leghorn's 72 May 8, repeated Rome 28 and Belgrade 11,⁵ I trust Department will soon be able instruct me what to tell Italians re paragraphs 2 and 3 Deptel 360, March 14, sent Belgrade as 127, March 11.⁶ In this connection, I hope assistance which SACMED will be committed to give Italians will be confined to providing them with available information re whereabouts of individuals. Actually, I anticipate that if there is to be any pressure exerted on Italians, it will be in direction of dissuading them from mass arrests and hand overs which Yugoslavs will probably demand and which in view of overcrowded conditions here and likely Italian desire remove major obstacle to normalization of Italo-Yugoslav relations, will be acceded to insofar as shaky Italian police force resources permit.

In this connection I refer to Department circular infotel May 7, 6 p.m.,⁵ re British suggestion DPs now in Allied camps Italy be transferred to US zone Germany. I am inclined agree with British expectation that Yugoslavs and persons claimed by Soviets as their citizens will be exposed to danger and feel that our own moral position vis-à-vis both British and Italians will be strengthened if we remove at least "Greys"⁷ from danger. Would Lei [*While I?*] understand War Department reluctance accept any more DP's in US zone Germany, I believe that on balance their impact would be less than if they remain here.

Sent Department 1338, repeated to Belgrade 60, repeated to Leghorn 44, Frankfurt 33.

DUNN

⁵ Not printed.

⁶ *Ante*, p. 779.

⁷ As the Intergovernmental Committee for Refugees assumed responsibility for displaced persons in Italy, "whites" were those persons eligible for IGCR care, "blacks" were those subject to involuntary repatriation, and "greys" were those who for various reasons were not eligible for IGCR care but who were not subject to involuntary repatriation.

711.60H/6-747 : Telegram

The Chargé in Yugoslavia (Cabot) to the Secretary of State

TOP SECRET

BELGRADE, June 7, 1947—9 a. m.

612. Developments reported mytels 569, May 30 and 584, June 2,¹ although unimportant in themselves suggest two possible lines cleavage

¹ Neither printed.

which, I believe, it should be the purpose of our basic policy to seek to exploit (1) Yugo national interests are bound to conflict from time to time with Russian interests. Mytel 569 suggests Yugos may not always blindly follow Russian instructions. Also considering manner in which Tito and company like to strut around it would be surprising if they were not at times irked at not being masters in their own house; (2) as mytel 584 suggests there is clearly difference of opinion in government circles as to desirability better relations with western powers. Moderate faction must realize some betterment desirable. Extremist faction blinded by hatred and suspicion. I am convinced this accounts in large part for contradictory trends often noted by Embassy in acts of Yugo authorities.

When I arrived here French Ambassador² emphasized necessity of firmness in action but suavity in approach. I have every reason from my experience here to feel his advice was good. Disagreeable gestures and publicity are not going to soften this government in its present mood; if, however, we are tough to point of specific retaliation when this government does not remedy our specific legitimate grievances and we remedy situations where we [*they?*] are justly aggrieved we may eventually persuade some elements in government to do something to improve relations.

I make following recommendations:

1. Adverse official publicity should be limited cases where positive arguments clearly over-balance resentment which such publicity arouses even in less extreme circles here.

2. We should be equally careful about administering any pin pricks such as disagreeable lectures. As general rule they are useful locally to express specific but not general disapproval.

3. In absence specific reasons to contrary ordinary courtesies should be observed.

4. Tortuous as Yugos are we must be straightforward with them At their own game we can neither beat them nor hope gain their confidence.

5. We must really strive eliminate their just grievances (e.g. we should deliver proved quislings they demand) and we must act with justice in cases as they arise.

6. Any action our part entailing material advantages to them on the balance should be taken only for compelling reasons and should be made contingent wherever possible on reasonable concessions on their part.

7. If any action prejudicial to Yugos is contemplated it should if possible be timed as specific retaliation for some legitimate grievance we have against them and they should be warned in advance. Any withdrawal by them should be followed by an equal withdrawal by us.

8. Embassy should always be kept informed of proposed statements or action and if possible consulted.

² Jean Payart.

9. Voice of America broadcasts should be greatly stepped up to give quick devastating factual answers to flood of vicious anti-American propaganda published here. Foreign broadcasts are widely and avidly listened to here.

If such program is to have any hope of success it must be adopted substantially as a whole. I am not in any case optimistic of success but such program should tend to work two possible cleavages mentioned above and to indicate whether correct relations with this government are possible. I realize that probably nothing short of world domination will satisfy Communists and that it is forlorn hope that in this government elements can be found curb fanatical Communist drive but even if we fail I believe above program well calculated to place us in favorable position. We must remember that present Yugo regime has achieved impressive record of reconstruction; that under circumstances its economic record compares favorably with that of pre-war regimes and that it seems to have done better recovery job than of similarly placed non-Communist countries. There is therefore little reason suppose that time is on our side or that something favorable will turn up.

It is vital in shaping policy to keep basic objectives constantly in mind irritating as day to day business is. Quite apart from basic advantages above program I believe that personal relationships with local officials are better than cloak and dagger methods in gathering information and that through such relationships we have better chance of getting our day to day business transacted.

CABOT

800.4016 DP/6-747 : Telegram

Joseph N. Greene, Jr., Acting United States Political Adviser to the Supreme Allied Commander, Mediterranean Theater, to the Secretary of State

TOP SECRET

LEGHORN, June 7, 1947—9 a. m.

89. I have discussed Fan 757¹ with SACMED's staff, my British colleague and Gen. McLean [*Maclean*]. SAC will report to CCS in next few days but meanwhile I should be grateful for Dept's comments on following aspects of problem of Allied handling DP's as soon as possible. If Dept is not able to comment on all points in one message I believe individual comments as available would be of assistance here. (re mytel 72, May 8) :²

¹ Not printed, but see footnote 4, p. 805.

² Not printed.

1. Time factor seems to be of paramount importance especially as R-Day approaches and with it disappearance of SAC his political advisors and presumably Joint Screening Board and its head appointed by him. G-5 has reported to War Office and AFHQ that about six weeks will elapse from date Military Screening Board provided for in Fan 757 actually begins work and date it could submit recommendations to SAC Review Committee.

2. Understand IGCR has already begun screening of camps to determine inmates *prima facie* eligible for IGCR-IRO assistance. It is now planned that in practice only those inmates of camps not acceptable to IGCR will be actually screened by Joint Screening teams. Such ineligibles estimated at between 500 and 1000 although this estimate made with all reserves.

3. American contribution of personnel to Joint Screening teams on hand and ready to work. As result of strong representations to Foreign Office by my British colleague McLean has now been asked by Foreign Secretary to make available British personnel. His offer to SACMED which he has reported to Foreign Office is 3 or 4 qualified screeners. McLean realizes he not going to be appointed head of Joint Screening operation and is unwilling to release his Deputy who acceptable to all here. Military authorities now screening rolls for possible candidates.

4. McLean and his mission have since their arrival set up screening machinery and possess central records and personnel who know them. Understand that without the info available from these records SACMED's Joint Screening team would be severely handicapped if not completely unable to function pending accumulation of similar records. Gen. McLean has agreed to provide Joint Screening team with any info they may request from these records but insists the records themselves and personnel having immediate access to them must remain under his control since he will also be using them for his work in connection with Yugos who have been transferred to Germany. This appears to be only practicable plan of procedure and although it will associate McLean with Joint Team as consultant, and provider of info I hope Dept will agree that we should accept it.

5. Understand that as result of Dept's 785 May 28² (see Embtel 1400, June 4²) IGCR screeners will notify Vatican names and particulars of unacceptables as they appear. It seems possible that this arrangement may result in out shipment to Argentina of many of individuals with whom Joint Screening Board and subsequently Review Committee contemplated in Fan 757 would have to deal. To avoid possible misunderstanding and confusion I believe it should be clearly stated whether unacceptables must all be screened by Joint Team or whether only those Argentines refuse accept will be so screened. Latter alternative would presumably greatly reduce work of Joint Team and of Review Committee and would solve before it began problem confronting military authorities of how to dispose

² Not printed.

of Greys (see paragraph No. 4 Fan 757³). I assume that in any case persons under consideration by Review Committee would be handled by military in same manner as Greys until decision re forcible repatriation rendered by Dept and Foreign Office.

6. I should be grateful for Dept's precise instructions to participate in SAC Review Committee. Such instructions should I believe include indication whether I am to be guided by criteria given SAC in paragraph number 1 of Fan 757⁴ and should clarify whether Review Committee will merely act as post office for forwarding screening reports to Foreign Office and State Dept or whether committee has authority to reject reports from head of Joint Screening team which do not establish in individual cases presumption of guilt and consequent inability to forcible repatriation. Please instruct also whether every case should be referred to Dept and Foreign Office or whether those in which Dept and Foreign Office have agreed to hand over in course of past 18 months and on which I have been informed by Dept of such agreement may be forcibly repatriated without reference to two govts (see for example Deptels 54 February 14, 1946, 109, April 5, 1946, 166, June 20, 1946, 167, June 21, 1946 and 227, October 18, 1946 all to Caserta⁵).

7. There is good reason to believe that in practice very few of the inmates of DP camps which may be reviewed by IGCR will screen black since any individual who might be black can hardly be expected to remain in an Allied camp and await screening. [Apparent garble] once a potential black leaves the [allied camp?] he is of course covered by Fan 758⁶ and falls under jurisdiction of Italian authorities who to date have not been informed of contents of either Fan 757 or Fan 758 in absence of instructions to Embassy at Rome.

Repeated Rome 39, Belgrade 15.

GREEN

³The paragraph of Fan 757 under reference here provided that persons currently considered the joint responsibility of the U.S. and U.K. who were not eligible for care by the IGCR, who were not liable for involuntary repatriation, and who were not willing to accept voluntary repatriation (in effect, the "greys"), would be reported one-half each to the U.S. and U.K. commanding generals in Italy for disposition in accordance with instructions which would be issued unilaterally by their respective governments.

⁴The criteria under reference here are those cited in footnote 4, p. 805.

⁵None printed.

⁶Not printed; in it the CCS issued instructions relieving SACMED of all responsibility for the apprehension and handover of alleged Yugoslav quislings except those currently in military custody.

740.00116 EW/6-1147 : Telegram

The Chargé in Yugoslavia (Cabot) to the Secretary of State

TOP SECRET

BELGRADE, June 11, 1947—4 p. m.

629. I must again express to the Department my respectful but very serious concern at manner in which Yugoslav quisling matter is being handled.¹

From Leghorn's 15, June 7, 9 a.m.,² I gather that McLean [*Maclean*] is being excluded as much as possible from work of joint screening teams and that some arrangement has been worked out with Vatican and Argentina by which collaborationist Yugoslavs will be helped to emigrate to Argentina.³ I scarcely need point out to Department that Embassy cannot properly handle this matter at this end unless it is kept adequately informed and that both these points if true have very serious connotations in local scene. I should imagine that if they became publicly established they would furnish most effective argument for Communist propaganda to sway world opinion and would greatly strengthen Yugoslav case in event they take it to UN.

Embassy's note of April 8⁴ states that US and UK "are determined to apprehend and surrender to Yugoslav Government all quislings requested by Yugoslav Government to whose surrender two first named governments agree and who can be found in camps under Allied control." I find it impossible to reconcile this commitment with paragraph 7 of Leghorn's 15⁵ and feel very strongly that we must bestir ourselves to fulfill our commitments in letter and in spirit.

¹ The Department of State responded to this telegram by referring the Embassy in Belgrade to telegrams 44 to Leghorn, June 12 (*infra*) and 932 to Rome, June 16, p. 813. No other reply was sent.

² The reference here is to telegram 89 from Leghorn, June 7, p. 808.

³ Argentina was one of the principal reception countries of Yugoslav refugees being resettled at this time by the International Refugee Organization. Attached to the source text is a memorandum, dated June 13 and prepared in the Division of Special Inter-American Affairs which explains the settlement of Yugoslavs in Argentina as follows:

"Specifically, the U.S. is *not* giving Argentina persons who have committed crimes, or who have given aid and comfort to the enemy (Germany) for which the present gov't of Yugoslavia now desires their repatriation. Such persons would be 'blacks' and are subject to be returned to their homeland, to a certain death, it seems. The 'greys' are those Yugoslavs, displaced in Italy, who may have served under Mihailovitch—Chetniks—or, perhaps, who enlisted in the German army or otherwise disqualified themselves for IGC-IRO care (these are 'whites') but are not bad enough, in our opinion, to be [sent] back to Yugoslavia as 'blacks'. True enough, the Yugoslav gov't would like to see returned to it even the 'greys', but this is where the U.S. has taken a strong stand. We will not hand over people we do not really think are guilty. Thus, Argentina, in taking some of the 'greys', takes persons whom Yugoslavia would like to have, but takes them with the approval of U.S. authorities and *after* full screening to be sure no really guilty individuals are among them."

⁴ Regarding the delivery of the note under reference here, see telegram 355, April 8, from Belgrade, p. 785.

⁵ Leghorn's No. 89 to the Department, *supra*.

Reference Rome's 1338, May 29, I regret any injustice I may have done military authorities and I trust I have made it clear in my telegrams that I do not favor handing over to Yugoslavs anyone against whom they have not established a *prima facie* case. Nevertheless, it is crystal clear even on basis of material available in this Embassy's files that we have flouted our own commitments and that by our attitude we are protecting not only quislings but also been [*those?*] guilty of terrible crimes committed in Yugoslavia. . . . But so far as I can ascertain record now is, despite our commitments and moral obligations (1) we have failed to take effective action, (2) we have prevented British from taking effective action, (3) we have not insisted that Italy take effective action, (4) we are apparently conniving with Vatican and Argentina to get guilty people to haven in latter country. I sincerely hope I am mistaken, particularly regarding latter point. How we can defend this record before UN if Yugoslavs take it there I do not know, and there are increasing evidences they will. As I see it we may then be forced either to accept a humiliating decision against us or so to manipulate things as to show that we also consider UN a mere instrument of power politics. I also trust Catholic Church realize how extremely damaging this affair might be to its position in this country.

Further reference Rome's 1338, our position will not be improved if Italians hand over Yugoslav quislings and war criminals under Yugoslav pressure after we have failed to do so or if Italians refuse under pressure from us to do so or point out manner in which some of those wanted by Yugoslavs have left Italy.

Reference despatch No. 7, May 16, from USPolAd at Leghorn,⁶ I see no harm in connecting extradition of quislings with question of the Italians deported from Venezia Giulia provided it is made quite clear that any action on our part is taken in light of failure of Yugoslavs to act for over year assuming, of course, that this is the case. We cannot, however, in good faith take this attitude until we have taken effective action to round up Yugoslav quislings and war criminals in Italy preparatory to delivering them to Yugoslavs.

Sent Department 629, repeated Rome 51 and Leghorn.

CABOT

⁶ Not printed.

800.4016 D.P./6-747 : Telegram

The Secretary of State to Mr. Joseph N. Greene, Jr., Acting United States Political Adviser to the Supreme Allied Commander, Mediterranean Theater

TOP SECRET

WASHINGTON, June 12, 1947—7 p. m.

44. Depts comments follow on numbered paras urtel 89 June 7 to Dept rptd to Rome 39, Belgrade 15:

1. Time factor is appreciated but Dept expects that screening by IGCR teams will substantially reduce number of prima facie non-eligibles requiring screening by Joint US-UK-SACMED teams. Also it is not anticipated that numbers falling under category (a) Fan 757¹ to be considered by Review Committee will prove large. It is confidently hoped that all screening by IGCR and SAC teams can be completed by July 31 at latest.²

It is contemplated that War Dept and War Office will authorize US and UK Commanding Generals to continue screening operations as authorized Fan 757 after R-Day³ and consequent dissolution AFHQ. Two Commanders jointly to replace SAC on Review Committee.

2. Agreed.

3. Dept hopes that your Brit colleagues and Brit military will maintain pressure on Foreign Secy in hope of securing adequate number of qualified Brit screeners for SAC teams. Dept convinced Maclean's behavior this matter based on purely personal considerations which should not be permitted further to delay orderly and rapid conclusion screening process.

4. SAC should insist that central records be freely available to SAC screening teams in such manner as is required to expedite work of SAC screening. Maclean should be reminded if necessary that central records contain, among others, records supplied by SAC which can be withdrawn if necessary. Use of records for UK screening in Germany and Austria has lower priority than imperative and immediate need for them in concluding SAC screening in Italy at earliest possible time. Dept agrees plan of procedure outlined para 4 urtel under ref but hopes more satisfactory arrangement can be made.

¹ Not printed, but see footnote 4, p. 805.

² The joint U.S.-U.K. screening team completed its work in early September 1947. The team found 736 persons who were ineligible for care by the International Refugee Organization (which had assumed responsibilities previously exercised by the IGCR) but who were not recommended for involuntary repatriation to Yugoslavia. Thirty persons were recommended for involuntary repatriation. The latter cases were examined by the Review Committee (the Supreme Allied Commander, Mediterranean Theater, and his American and British Political Advisers) whose signed report dated September 15, 1947, was referred to the Governments of the United States and the United Kingdom. The final report of the Review Committee, the reports of the screening team, and related documentation were transmitted to the Department of State as enclosures to despatches 17 and 18, September 16, 1947, from Leghorn (800.14016 DP/9-1647). Further action on these thirty cases appears not to have been completed during 1947.

³ The date of the ratification and coming into force of the Treaty of Peace with Italy. The date proved to be September 15, 1947.

5. Dept has not envisaged that IGCR screening teams would report any persons falling under category (a) Fan 757 to Vatican for Argentine visas or participate in departure of such persons from Italy. Such action should be confined to Whites and Greys only and Greys preferably before they have been formally labelled as such in order facilitate their departure. Joint US-UK-SAC screening teams should screen all those found prima facie ineligible by IGCR screening teams. Persons under consideration by Review Committee should be held in closer custody by military than Greys who are eligible for emigration from Italy.

6. As member SAC review committee you should be guided by criteria given SAC in para (2) Fan 757. Dept considers Committee has authority to reject reports from head of joint screening team which in Committee opinion do not establish in individual cases presumption of guilt. Every case which Committee agrees eligible involuntary repatriation should be referred to Dept and FonOff for final decision regardless any previous agreement to hand over.

7. You will be informed soonest contemplated communication to Italians re subject.

Kindly share as much of foregoing with Royse⁴ for his basic understanding as you in your discretion deem wise.

Repeated Rome 906; Belgrade 375.

MARSHALL

⁴ George Royse, United States Representative to the Intergovernmental Committee on Refugees.

740.00116 EW (Prosecution)/6-1647: Telegram

The Secretary of State to the Embassy in Italy

SECRET

WASHINGTON, June 16, 1947—6 p. m.

932. You shd address communication following sense FonOff:

Allied mil authorities have, for some time past, exercised no responsibility for apprehension and hand-over persons in Ital territory no longer under AMG or otherwise in Allied custody and who are desired for prosecution by foreign govts. It is the view of the US Govt that consideration of requests for apprehension such persons is the responsibility Ital Govt.

You shd further state that it has been the considered policy of this Govt to agree to the surrender of only the following categories of persons under the stated conditions:

1. Persons enlisted in German armed forces unless it can be shown that their enlistment (in German forces) was involuntary.
2. Those who have committed atrocious crimes, or war crimes against the Allies.
3. Those against whom a prima facie case can be made to show that they voluntarily rendered aid and comfort to the enemy.

In each case this Govt has required submission of evidence supporting the substantiality of the presumption of guilt based upon reasonable particularity as to time, place and nature of offenses and perpetrator thereof. A person's announced resistance to his repatriation or his acceptance of ordinary employment in German industry or agriculture will not of itself be construed as constituting rendition of aid and comfort to the enemy.

You shd inform FonOff that while this Govt fully recognizes sovereign rights of Ital Govt to establish own principles in re this matter, in connection execution Art 45 of Treaty, the US Amb, in exercising responsibilities under para 3 of Art 45, will be under instructions to consider cases in dispute in light of above stated criteria.¹

For your info, and for possible reference in connection your discussion problem FonOff, see Geneva's 266 May 7² now being repeated you.

(Sent Rome as 932; repeated Belgrade as 384.)

MARSHALL

¹Telegram 54, July 2, to Leghorn, not printed, instructed the U.S. Political Adviser to advise the Supreme Allied Commander, Mediterranean Theater and other authorities that the United States Government considered it desirable to have turned over to Italian authorities all available information regarding alleged war criminals and quislings which might be helpful in consideration by the Italian Government of requests for the apprehension and handover of such persons. Information regarding the whereabouts of persons in whose handover the Department of State had not concurred was not, however, to be passed on to the Italians (740.00116 EW (Prosecution)/6-1647).

²Not printed.

740.00116 EW/6-2147: Telegram

The Ambassador in Italy (Dunn) to the Secretary of State

SECRET

ROME, June 21, 1947—7 p. m.

1668. Re Belgrade's 51, June 11, 4 p. m.¹ CCS instructions to SAC would appear to remove any question of US military action to round up Yugoslavia quislings and war criminals in Italy who are at present and should be under Italian jurisdiction.² Presumably material mentioned as available in Belgrade Embassy files concerning such persons has been reported to Dept and is available there for consideration in connection with Depts consideration of particular cases when both governments desire to authorize forcible repatriation of individuals found in our custody after screening.

¹ Same as telegram 629, June 11, from Belgrade, p. 811.

² The views of the Combined Chiefs of Staff on the matter under reference here were set forth in the memorandum to the Department of State and British Embassy, May 29, p. 803.

Re Belgrade's observations on transfer of certain Greys to Argentina with assistance of Vatican, Royse assures me most definitely that these are persons who are ineligible for international aid under IRO charter but are not subject to forcible repatriation to their country of origin under existing International Agreements. Vatican Representatives have full understanding of this point. I trust that this humanitarian undertaking will not be unfavorably affected by Belgrade's comments.³

Sent Dept 1668 repeated Belgrade 72.

DUNN

³ In his telegram 704, June 25, from Belgrade, repeated to Rome, not printed, Chargé Cabot commented on this message. Cabot reaffirmed that the Embassy in Belgrade did not favor handing over to the Yugoslav authorities anyone against whom a prima facie case had not been established. Neither did the Embassy wish to interfere in the finding of new homes for those unjustly subjected to Yugoslav persecution. Cabot continued to insist, however, that practices and procedures currently followed by Allied authorities in Italy were resulting in the escape of guilty Yugoslavs. Cabot concluded that the crimes of those Yugoslavs whose responsibility had been reasonably established were so great as to require their forcible repatriation to Yugoslavia even if they were not to receive a fair trial there (740.00116 EW/6-2447).

860H.00/7-747

The Chargé in Yugoslavia (Cabot) to the Secretary of State

CONFIDENTIAL

BELGRADE, July 7, 1947.

No. 1063

SIR: Having now been in charge of this Embassy for five months and the arrival of Ambassador Cannon being imminent,¹ I have the honor to summarize herewith some reflections on the Yugoslav situation in the hope that the Department may find them interesting.

1. A great deal of confused thinking regarding the world situation could be avoided if observers first answered the question: Would the Communists be willing to conclude and abide by any settlement short of world domination? Too often the comment offered would be valid only on the assumption that the answer was yes, yet the observer in other passages shows that his answer is no. On the basis of the Communist record, both in word and deed, this must be the answer at present to the above question. In the light of our experiences with Hitler and *Mein Kampf* we must not disregard the plain warnings which have so freely been offered us.

2. Communist propaganda emphasizes world revolution rather than the aggressive war glorified by fascist propaganda. Moreover, com-

¹ Cavendish W. Cannon was confirmed by the Senate as Ambassador to Yugoslavia on April 9. He arrived in Belgrade on July 9 and presented his letters of credence on July 14.

munist propaganda regarding world revolution is predicated on the inevitable aggressivity of monopoly capitalism. This affords some slight ground for hope that Communism would find naked military aggression difficult. However, piling up arms for "defense" and making revolutionary forays into non-communist territory are likely to lead to end results not dissimilar from militarism and aggressions.

3. Communism is preparing for war. For example, Yugoslavia reeks with evidences of militarism (budgeted military appropriations for 1947 are 13.5 billion dinars as against 10.5 billion for 1946). Yet strangely enough it appears that these preparations are really inspired by fear. There is good reason to believe that our aid to Greece has augmented the Communist jitters.

4. The biggest monopoly capitalists in the world today are the self-perpetuating cliques running the communist countries, who have concentrated all political as well as economic power in their hands. Possibly the Communists are right in insisting that monopoly capitalism breeds war.

5. The Communist bloc can scarcely afford to challenge the United States for some years at least. During this period we must strive to deflect Communism from its present course, which makes an eventual clash almost inevitable if and when Communism feels itself strong enough. Since we cannot be optimistic of success and must not think to mollify Communism by making material concessions we are confronted with a fundamental dilemma as to the course we should pursue. For an indefinite period the peace of the world must depend on our having a superiority of force and being willing to use it to defend the peace if necessary. Yet we must never despair of an eventual understanding; Communism has shown itself before to be more flexible in deed than in dialectic, if more flexible in its scruples than either.

6. Communism in Yugoslavia (as I gather in Russia) is not a political creed; it is a faith. Its adherents are passionately sincere in spouting the party line, and this must not be discounted. It is not mere cant, as is often assumed. As a new faith Communism is filled with fanaticism and drive, just as Christianity and Mohammedanism were when they were young. It is a subversive, dissolving doctrine, as was early Christianity. As Christianity, it faces a civilized world which has generally lost faith. The parallelism is disturbing in every sense, since Christianity was a popular but not a democratic movement in its inception. It is also important to note that in time of storm and stress, when bewildered people admit they can no longer think things through, they are likely to turn to a confident new faith which states without any reservation that it has all the answers.

7. Communism has great weaknesses: in basing its doctrine on materialism, in holding that the means, however tortuous, justifies the end, and in trampling on the spontaneous yearning of humankind for freedom (note, however, the play on the other great yearning, security). A faith which teaches that anything is fair to promote its spread, ascribes every human act to cynical motives and rejects the ethical concepts common to all enduring faiths must contain the germ of its own destruction. Already in Yugoslavia it is noticeable how the Communist clique is not only enjoying power for its own sake, but also for its perquisites and prerogatives—elaborate houses with costly furnishings, decorations and expensive uniforms, sumptuous official banquets, and magnificent parades and ceremonies. Absolute power must inevitably corrupt, as must material possessions. Will not zeal be chilled, ideology forgotten and individual ambition shatter the monolithic structure of the faith? If Christianity after nineteen centuries has fallen so far short of realizing its ideals, how much more rapidly is Communism likely to show its weaknesses, and disillusion its followers? As Communism spreads and becomes respectable as Christianity did, will not this also dilute its force and fanaticism? On the other hand, we must remember the force that Christianity remained even when it disregarded its fundamental doctrines; the Inquisition was no less repugnant to the concepts of charity and brotherly love than the OZNA is to “liberty for the people”.

8. If my understanding of Russian Communism is correct, Yugoslav Communism already shows significant divergences from Russian, despite its position as favorite child and the basic similarity of race and political tradition.² Yugoslav Communism is as suspicious, arbitrary, brutal, intolerant of opposition, fanatical and tortuous as Russian. On the other hand, it leads by no means the hermit-like existence led by Russian Communism. It is secretive, but by no means as secretive. It discourages by terror contact between foreigners and “reactionaries”, knowing full well what the latter will say if given half a chance. On the other hand, people not suspected by the government are freer in their contact with foreigners and in their willingness to discuss ideology and international politics than is generally realized. This is particularly true of some avowed Communists. Despite the fact it is rarely easy to reach an agreement with them in such discussions, they give every evidence of having the same motivations as people not subject to Communist indoctrination—for example they respond to simple courtesy, friendliness and straightforwardness even from a capitalist

² The wife of the French Ambassador, who was stationed for ten years in Moscow told me that Russian Communism was “a thousand times” worse than Yugoslav. [Footnote in the source text.]

representative. I have no doubt however, that this varies among individuals.

There are other important differences between Russian and Yugoslav Communism. For example, the upper classes and the churches, though sorely oppressed, have not been liquidated to the extent they were in the early days in Russia. The peasants continue to own their land. But considering that the last open political opposition has only just been liquidated and that the nationalization law was promulgated as recently as last December, we should perhaps not draw too hasty conclusions regarding end results.

9. It is vital to remember that most of the qualities attributed above to Yugoslav Communism and ascribed to its influence are in fact often Yugoslav rather than Communist characteristics, and were as much a part of the pre-war as of the present scene in this country (just as I believe Communism introduced few of the basic factors that characterize it in Russia). One is struck time and again by this when reading descriptions of pre-war Yugoslavia. Having suffered for half a millenium under the Turkish blight, it is not surprising that Yugoslav standards and customs differ from those of the west.

10. It is equally vital in seeking to appraise the present regime to do so not by western standards but by standards set by previous regimes. The former regimes also were often dictatorial, suspicious, tortuous, brutal and arbitrary as well as corrupt, reactionary, and ineffective. Many of the features we particularly detest—the arbitrary and brutal actions of the police, the lack of personal guarantees, the tortuous and capricious diplomacy, etc—were only less characteristic of previous regimes; we notice and resent them more now primarily because they are aimed now at us rather than at nations we dislike, and at cosmopolitan Yugoslavs with a superficially western outlook whom we like rather than at humble agitators of whom we had never heard. In part, because of earlier abuses, some scions of the ruling clique joined the Communist movement and have even played a leading role in it.

11. In the crisis of World War II, Yugoslavia's internal hatreds proved stronger than hatred of the enemies; hence even Mihailovitch's³ eventual collaboration with the Germans and Italians. Because Mihailovitch represented the conservative elements who had something to lose, he was unwilling to provoke brutal reprisals by ineffective activities; because the Partisans were led by men serving Russia rather than their own country, they were not deterred by reprisals—on the contrary these were grist for their mill. Easy though it now is to

³ Gen. Draža Mihailovich, leader of the wartime resistance forces (Chetniks) and Minister of War in the Royal Yugoslav Government in Exile, was executed by the Yugoslav Government on July 17 for collaboration with the Germans and Italians and for war crimes.

criticize the abandonment of Mihailovitch, continued support might have produced incalculable consequences on Western-Soviet relations during and since the war. The decision nevertheless forced Mihailovitch into the Nazi-Fascist camp.

The Partisan triumph has undoubtedly redounded to their credit among the Yugoslav populace. Compare Mihailovitch to the Federalists during and after our war of 1812.

12. The Yugoslavs are suffering among other things from a severe war neurosis, inevitable in a people who have had so many harrowing experiences in so short a time. In dealing with them this fact must always be remembered.

13. A fundamental difficulty in relations with Yugoslavia at the moment is the overturn of personnel in the bureaucracy. After four years of fighting and destroying, guerrilla fighters were brought from the woods and put at government desks, while trained personnel was discharged if the Communists considered them for any reason untrustworthy. They not only had no tradition or training; they were often illiterate. Purge trials since have thrown further sand into the administrative gears. The amazing thing is not that there has been inefficiency, inconsistency, chaos and confusion, but rather that under the circumstances the job has been as well done as it has been. Yugoslavia is well up in front in her recovery despite her terrific war losses and the social overturn which has taken place. Much that we lay to Yugoslav malice when we seek effective action of them and fail to get it is really caused by this situation in the Yugoslav bureaucracy. It is not surprising that delay is chronic, blunders are very frequent and officialdom does not show the care and restraint which might normally be expected of it.

14. To Communism's credit it has softened hatreds between Serb and Croat, Serb and Slovene, Croat and Slovene, Serb and Bulgar, Serb and Hungarian. It has done this however, in part by polarizing all hatreds on the Communist vs. anti-Communist issue.

15. It is very dangerous to generalize too much on the degree of popular support or lack thereof the present government enjoys. The glib estimates of 85-95% of the people against the government are obviously mere guesses. (Latest joke: the people are 95% for Marshal Tito; 5% for Tito and 90% for Marshall). My own *guess* is that the great masses, although sceptical and dissatisfied are not bitterly opposed to the government. Why should they be? Except for such matters as government controls and grain collections it doesn't get much more in their hair than previous regimes: Note relative indifference shown even in the United States in Gallup Polls regarding many important issues. Note also comparative lack of guerrilla activities now as compared with period of Nazi domination. After what these people

did to the Nazis, it is difficult to believe that only fear restrains them. The bitter diatribes of former political leaders and the cosmopolitan clique who have been particularly prejudiced by the overturn should not be taken as representing the popular feeling. Even assuming that a large majority of Yugoslavs are opposed to the Communist regime, this does not mean that more Yugoslavs would risk their lives to overthrow it than to defend it. Popular discontent is apparently *not* at the explosion point (this does not rule out a classic Serb *coup d'état*). Finally, Yugoslavs who dislike the government often dislike even more foreign philippics directed at it.

16. The present regime is taking many measures to gain people's support, to indoctrinate the young and to stir the enthusiasm of the masses. It also has a creditable reconstruction record, particularly in comparison with the records of previous regimes and in other similarly placed countries. We should not too blithely discount its success. The ruthless indoctrination of the young has particularly sinister connotations for our future relations with this country.

17. The Partisans, though largely Communist inspired and led, are a very heterogeneous group. Differences of opinion clearly exist between them, even though they are very discreet. Effective opposition to Soviet domination is more likely to come from the Partisan ranks than from the opposition. Conflicts of interest with Russia are inevitable, and the intense nationalism of the country might play a decisive role if an acute situation arose. By the same token, there are moderates and fanatics in Yugoslav government ranks who might under special circumstances irrevocably split. On such a fundamental issue as peace vs. military adventures, it is pretty well established that differences of opinion exist.

18. In the months since my first call at the Foreign Office (February 11) there have been no perceptible changes in the fundamentals of our relations with this country. Its policy is as anti-United States and pro-Russian as ever. Official propaganda is violently hostile and not even the mildest or most justified good word can be said about us. The police state and militarism are as strong as ever. Guerrilla activities in Greece supported from Yugoslavia continue unabated. A few faint signs are beginning to appear, however, that a change in fundamentals cannot be altogether ruled out.

19. During this period definite progress has been made in clearing up specific problems: (a) negotiations are now under way in Washington looking to a settlement of outstanding claims and of the blocked assets question.⁴ (b) The Italian-Yugoslav provisional frontier de-

⁴ Regarding the negotiations under reference, see telegram 464, July 16, to Belgrade, *infra*.

marcation has been practically completed, and the provisional demarcation of the Trieste frontier is now being undertaken, the Yugoslavs having persuaded the Russians to reconsider their twice-reiterated refusal to participate; ⁵ (c) after stormy negotiations (including an accusation of spying) the Graves Registration Unit has been permitted to carry out its appointed tasks and is doing so smoothly. (d) Important progress has been made in tying together the broken threads of trade, and real cooperation is now being secured from the Ministry of Foreign Trade in this connection. (e) The Yugoslav authorities are showing a much more cooperative attitude in the protection and repatriation of American citizens. Most new cases have been settled without fuss. Marked progress has been made in the repatriation of the *Volksdeutsche* American citizens in concentration camps. (f) Pintar's life has been saved, though his sentence is still severe. (g) Wedge's sentence has been reduced by two years. (h) The Embassy plane is now flying freely, so far as the Yugoslav authorities are concerned, within and without the country. (i) The position of USIS is beginning to improve. The Embassy's most conspicuous failure has been its inability to accomplish anything for its two arrested translators.

20. Even more important is the progress in intangibles—particularly what has been prevented from happening. On February 11, two Embassy translators were in jail; another had just been executed through the folly of a former American employee who was busy making diatribes against Yugoslavia from the safety of the United States; the Yugoslav employees were terrorized and the American staff demoralized; among other indiscretions the Embassy had been caught in several incredibly clumsy cloak and dagger adventures; a series of humiliating incidents had occurred; the USIS had just been permitted to reopen on humiliating terms and the Embassy plane to fly precariously out of the country; an American citizen had been condemned to death on frivolous grounds to discredit the Consulate at Zagreb; the Ambassador was ranging the length and breadth of the United States denouncing the government to which he was still accredited; Embassy prestige had vanished; relations between the Foreign Office and the Embassy were badly strained, confidence between them had disappeared, and it was almost impossible even to secure appointments with top officials; practically no Yugoslav, official or otherwise, would have anything to do with an Embassy official; and even such homely necessities as coal and transportation were short. (In fairness to Mr. Hickok it must be pointed out that he was not responsible for this mess, which he inherited).

⁵ For documentation regarding the demarcation of the Trieste frontier, see pp. 51 ff.

Today, despite at least two scares (flights of Embassy plane, March, and Yugoslav employees, May) and the growing tension internationally, the campaign against the Embassy seems to have practically stopped. There have been no incidents discreditable to the Embassy and the Yugoslav authorities have cooperated with the Embassy in taking prompt and reasonably adequate action to remedy those that have occurred. Entry to the Foreign Office has been restored; friendly contact with a number of Yugoslav officials has been established and their confidence secured (Col. Partridge, Mr. Leonhart ⁶ and Mr. Kling have distinguished themselves in replacing previous officers, notably Mr. Fraleigh ⁷ in this); government officials are again glad to accept Embassy invitations and to extend significantly cordial gestures (for example, May 30); the local American correspondents are no longer a thorn in the Embassy's side; Embassy prestige is somewhat restored, and Embassy morale has improved. Means of coercion being in any case lacking, most of this has been accomplished by simply applying the principles of courtesy, understanding, justice, interest, consideration and straightforwardness as well as firmness. Although petty palliatives for specific sore spots could not change fundamentals, a policy adopted in part *faute de mieux* has achieved, surprisingly enough, a modest but real success. In two important respects, however, the situation is still unsatisfactory; OZNA pressure on Yugoslav employees of the Embassy for information continues unabated, and the housing authorities continue to treat the Embassy staff shabbily. It must be emphatically repeated that fundamentals have not changed, despite a few encouraging signs.

21. All of the above has been accomplished despite a deteriorating international situation and without any material concessions on our part. Since February 11, the Embassy has been faced with repercussions of our aid to Greece, the UN Commission's report, Greek border incidents,⁸ the failure of the Moscow Conference,⁹ the Hungarian crisis¹⁰ and a number of less important developments. It had had to contend in its direct relations with our answer to their plea for food, our intransigent attitude in the Carinthian and Austrian repara-

⁶ William K. Leonhart, Third Secretary at the Embassy in Belgrade.

⁷ William N. Fraleigh, Second Secretary at the Embassy in Belgrade during 1945 and 1946.

⁸ Documentation regarding U.S. aid to Greece, the Report of the United Nations Commission of Investigation Concerning Greek Frontier Incidents (May 1947), and Greek border incidents are included in the collection of papers on the interest of the United States in the problems of the Greek frontier, in volume v.

⁹ The Fourth Session of the Council of Foreign Ministers was held in Moscow, March 10–April 24. For documentation on this conference, see vol. II, pp. 139 ff.

¹⁰ At the beginning of June, Hungarian Prime Minister Ferenc Nagy resigned and went into exile. For documentation regarding the interest of the United States in the maintenance of democratic government in Hungary, see pp. 260 ff.

tions matters,¹¹ the tourist ban, the continued blocking of Yugoslav gold and assets in the United States, the aftermath of the Nicoloff case, our jaundiced view of local UNRRA operations, etc. With the single exception of the Nicoloff case, the Embassy is in entire agreement with our position in all of the above cases, but they did not help in its task, let alone give it any trading assets.

22. My thoughts regarding future policy are set forth in Embassy telegram No. 141 dated February 15, 1947, and I see little need in the light of experience for modifying them. However, the following points may be mentioned:

(a) As a small, nationalistic country which has suffered much, Yugoslavia intensely resents scolding and hectoring. If we learn this lesson, Russia may some day be forced to also.

(b) Twice in my lifetime, Yugoslavia has been cast in a heroic mold—her resistance to the Nazis (alone among the occupied nations the Yugoslavs maintained a continued open resistance) but added to the glory of her resistance to Austria-Hungary in the first World War. She is not likely to be intimidated by choleric notes or by arrogance and bluster. On the contrary, we have seen that we are likely to be cast in the role of the banker exchanging epithets with the brat who has snowballed his silk hat. Words are no substitute for deeds.

(c) Experience has shown the futility of mere expressions of disapproval of this regime on the part of the Embassy. Quite apart from obstructing day to day business they resulted in retaliatory action which might well have put the Embassy out of business and which destroyed its prestige even among the opposition. There is practically no middle ground between getting what one wants through coercion and getting it because the other guy is perfectly satisfied to let one have it. If personal relationships between the Embassy staff and Government officials are bad the Embassy can accomplish practically nothing.

(d) It would be fruitless merely to find out what the Yugoslavs want and then oppose it. Our approach must be selective. Thought rather than emotion must be the basis on which each step is planned.

(e) Despite the fact that the Yugoslavs in power are chronic liars, and incredibly tortuous in their thinking, some do seem to appreciate a straightforward approach. In any case we can never beat the Yugoslavs at their own tortuous game.

(f) Being tortuous, the Yugoslav government will generally refuse to yield in the field in which it is pressed, but will often yield in another field. On the other hand, when attacked they will often reply with parallel charges which are sometimes childish.

(g) The Yugoslav authorities are desperately afraid of the truth, and equally afraid of the great prestige of the United States. Since at least all of Belgrade knows what comes over foreign short wave broadcasts, the Voice of America broadcasts could do an immense service (I have the impression a greater one than they are doing) to get across

¹¹ For additional documentation on the topics under reference here, see vol. II, pp. 1167 ff.

the truth about the United States and the falsity of the local propaganda about us.

(i) Almost everyone in Government circles is intensely resentful towards the United States. The resentment derives principally from our attitude in the Trieste and Carinthia questions, our failure to deliver war criminals, our aid to Greece, discreditable activities of the former Embassy staff, our unbending hostility towards them at international meetings, etc. It is exacerbated continually by less important incidents and developments. In our dealings with them we should never forget their deep, sincere and widespread sense of grievance.

(j) Despite their resentment probably a majority of the policy making figures in the government would like closer relations with us. Their views stretch all the way from those that hate our guts but who think better relations prudent or advisable to those who are potentially friendly. Some realize the dangers of an international explosion; others quite cynically appreciate the harm they have done themselves; another group wants markets for Yugoslav goods and the foreign exchange obtained thereby as well as the materials, machinery, consumers' goods, etc., which they so desperately need from us if they are to carry out their five-year plan; and yet others want the intellectual and scientific contacts so needed by the leaders in this country in those fields, if the arts and sciences are not to retrogress and the country's development not to be retarded. The Yugoslav policy makers want these better relations on their own terms; with skill and patience on our part they may perforce come to accept ours.

(k) Although because of its organization and fanaticism it is very difficult to dislodge a Communist regime once established, we should not altogether despair that the present government will evolve into a more independent position or that it may be overthrown and replaced by a more friendly government. We must remember that:

- (I) Sectional, racial and religious hatreds are traditionally violent and divisive.
- (II) Serbian-Yugoslav history is full of violent overturns, despite the fact that the secret police are nothing new.
- (III) In Yugoslavia personal ambitions have shown themselves to be particularly strong and ruthless.
- (IV) A virile, nationalistic, independent people are likely to find the indefinite tutelage even of the Slav big brother galling. There is too much of it, and it is too arrogant.
- (V) Even the Communist trained leaders, after the first flush of suddenly acquired power, must eventually be irked at Russian tutelage.
- (VI) Even though this is a tough dictatorship there are within the government deep and strong cross currents. The government is by no means solidly communistic even though the real leaders are.
- (VII) The Catholic and Orthodox churches continue to have a strong hold on the peasantry and they are basically opposed to Communism.

(l) By pin-pricking and unremitting hostility we drive the moderates into the arms of the extremists and the country into the Russian bear's embrace. It is vital that the top people here should always have the feeling that our door is open if they want to come in and behave themselves. Sinners are generally saved by charity and understanding, not by denunciations from the pulpit. There isn't much chance the present gang will repent, but they should have the opportunity.

(m) I assume that our long-range policy towards this country should aim to promote a government ruling with the consent of the governed, responsive primarily to the will and needs of the people, and reasonably independent in its international relations, particularly of Russian directives. To accomplish this I believe we should hammer constantly on the clashes of interest between Russia and Yugoslavia, and that equally we should always be striving to drive a wedge between the moderates who, whatever their emotions may be, appreciate what the score is, particularly in their relations with us, and the extremists who are blinded by dialectic and hatred. It is for this reason that quiet acts which hurt, rather than public denunciations which infuriate, should be the weapons we use against this country.

(n) We must strive, within the principles and severe limitations set forth above, to reach an understanding with the Yugoslav Government, regardless of its stripe, which will help preserve the peace of the world. We should not be optimistic of success, but it would be criminal not to make the effort, and equally not to have patience or to despair of success. And if, though we have sincerely and honorably striven to keep the peace, it is again broken by totalitarian aggression, we can go to our people with clean hands, we can present an impelling case at the bar of world public opinion and we can be sure that even in Yugoslavia—even in the very government—there will be those that will fight sick at heart, because they know their cause is unholy.

Respectfully yours,

JOHN M. CABOT

360H.115/7-747 : Telegram

The Secretary of State to the Embassy in Yugoslavia

CONFIDENTIAL

WASHINGTON, July 16, 1947—4 p. m.

464. Embtel 758, July 7.¹ 1. During first twelve meetings with Velebit and Zlotarvic in claims negotiations respective sides have stated positions on principal topics and some progress effected altho agreement not yet reached on most major points.

2. US now proposing lump sum settlement 46 million, 282 thousand dols for settlement Am claims as follows: 42.6 million dols for property claims, 3.5 million dols for lend-lease and Plan A,² 180 thousand

¹ Not printed; it requested information regarding the status of the claims negotiations being conducted in Washington with Yugoslav representatives (360H.115/7-747).

² "Plan A" refers to those American military and civilian relief supplies delivered to Yugoslavia prior to the establishment of the UNRRA program.

dols for 2 airplanes, and 2 thousand dols for jeep (see paras. 3 to 6 below). Yugo proposed complete separation of settlement for lend-lease and Plan A from other settlements.

3. Lump sum payment tentatively agreed as method for settlement Am property claims. Earlier proposal for mixed claims commission now dropped. US proposed 42.6 million dols for complete settlement property claims Am nationals, including real estate, farms and industrial plants held directly or owned indirectly thru third-country corporations. US total is aggregate of claims without benefit exact info on many. Yugos stated US figure too high because (a) no cases of real estate and farms of Am nationals known to be expropriated; (b) war damage reduced Yugo industrial capacity one-half and therefore presumably should reduce claims based on pre-war valuation by same ratio; (c) no claims should be made for distribution enterprises, since these enterprises were not nationalized; (d) claims for Am indirect interests held thru third-country corporations should be presented by third country and not by US, but Yugos would accept claims Am corporations whether or not alien owned; (e) former Yugo citizens naturalized as Am nationals without permission Yugo Govt are dual nationals and therefore ineligible as US claimants for compensation in dols and (f) purchases by Am nationals of Yugo property from nationals of third country and from nationals of third countries naturalized in US not entitled to dollar transfers when property nationalized.

4. Yugo counter-proposal two million dols for settlement Am property claims. Yugos state total US business investment in Yugo in 1941 was 5 million dols, according to US Dept Commerce figures, of which one and one-half million dols represents distribution enterprises not expropriated. From remainder, 50 percent deduction for war damage left two million dols proposed by Yugos in full and final settlement of all Am claims for property directly owned Apr 6, 1941 by nationals as of that date.

5. US initially proposed three and one-half million dollar payment by Yugos in settlement of combined lend-lease and Plan A. Yugos rejoined that Yugo military aid primarily to US Air Force more than this amt, therefore asked cancellation. US rejected Yugo statement on ground that mutual military aid given by all Allies and that three and one-half million is scaled-down figure, but asked Yugo for statement of value placed by Yugos on different items military aid given US.

6. US requested 180 thousand dols payment for two airplanes and 2 thousand dols payment for Stoeckel jeep. Yugos demurred on airplanes and will present memo on subject, but agreed to pay 2 thousand dols for jeep.

7. US proposes to unblock Yugo assets, except those having enemy interests within 30 days after receipt by US Treasury from Yugo of lump-sum amts specified in agreement as finally signed.

8. US has proposed, without specific objection so far by Yugos, that Yugo shall permit US Gov officials free access to properties, records, witnesses and other info in Yugo pertinent in determining validity and amts individual Am claims filed to participate in lump-sum settlement.

9. Other US proposals, so far not specifically commented upon by Yugos, provide (a) Yugo authorization for Yugo residents to settle lawful indebtedness in dols on maturity within limits of Yugo foreign exchg resources; (b) Yugo Govt to attempt reach settlement with representatives Am holders Yugo bonds; (c) Am owners' property in Yugo, not taken before June 1, 1947, have benefit most-favored-nation treatment in administering such assets and income arising therefrom, in accordance with Convention with Serbia signed Oct 2-14, 1881; and (d) attention to be given by Yugo authorities to requests for transfer of bank deposits to US.

10. Matter exchg rate for Emb (Embtel 758, July 7) has not been brought into negotiations. US intention, not yet stated to Yugos, is to ask for not less than 550 million dinars in settlement lend-lease and Plan A, such dinars for operating funds for Emb and purchasing real estate. Would such acquisition of dinar fund meet Emb's present problem if expendable at realistic exchange rate? If Emb believes negotiation on official exchg rate itself would be definitely preferable, pls inform Dept principal reasons for such preference (urtel 642, June 14³).

11. For info Dept, pls report conflicting rumors from other Embasies, Belgrade (2nd sentence Embtel 758, July 7) concerning status and likely outcome Wash negotiations.

12. On June 23 the Yugos claimed indemnity amounting to about \$9,150,000 for allegedly tardy restitution Danube boats from American zones Germany and Austria and requested this claim be included in negotiations. US rejected Yugo request by note July 11, adding that US does not recognize validity of claims based on timing of restitution. Yugos again requested inclusion subject in negotiations in note July 7.

MARSHALL

³ Not printed.

860H.00/7-1547

*Memorandum by the Acting Chief of the Division of Southern European Affairs (Barbour)*¹

[WASHINGTON,] July 16, 1947.

Mr. Radoje Knejevitch,² a member of the Yugoslav National Committee in London, called in SE on July 15 by appointment made at the request of former Yugoslav Ambassador Fotitch.³ Mr. Knejevitch presented a letter addressed to the Secretary by former Yugoslav Prime Minister Yovanovitch,⁴ who is now President of the Yugoslav National Committee in London, and confirmed orally the statement contained therein that he has been sent to this country by the Committee for the purpose of informing the Department of the policy and aims of the Committee and to present a memorandum from the Committee for the President in this connection. The Committee's letter to the Secretary is attached.⁵

The Yugoslav National Committee in London is composed of eminent Yugoslav figures, principally of Serbian extraction, who have held various political offices from the *coup d'état* of March 27, 1941 throughout the period of the war-time governments in exile. A statement concerning the present composition of the Committee, also presented by Mr. Knejevitch, is likewise attached.⁶

Aside from the separate Croatian Peasant Party organization of which Mr. Vladimir Machek⁷ is head, this Yugoslav National Committee is probably the most authoritative representation of Yugoslavs outside Yugoslavia at present and as such speaks for an appreciable portion of the Yugoslav leaders who may be expected to carry weight in Yugoslavia at such time as Tito's oppressive regime is supplanted by a representative government. In the circumstances, it is believed that it would be useful, as encouragement to the followers of the Committee,

¹ This memorandum was directed to Assistant Secretary of State Norman Armour and to the Director of the Office of European Affairs H. Freeman Matthews. The source text bears Matthews' handwritten endorsement "I agree HFM".

² Radoje Knejevitch (Knejevich) was a member of the Executive Committee of the Yugoslav Democratic Party, in exile.

³ Konstantin Fotitch (Fotié) served as Yugoslav Minister and later Ambassador in Washington, 1941-1945.

⁴ Slobodan Jovanović (Yovanovitch), Prime Minister of the Yugoslav Government in Exile, 1942-1943.

⁵ The document under reference, which apparently was dated June 16, was not found attached to the source text.

⁶ The document under reference was not found attached to the source text. The Yugoslav National Committee included representatives of the following Yugoslav political groupings in exile: Yugoslav National Party, Independent Democratic Party, Serbian Peasant Party, Democratic Party, and Radical Party.

⁷ Machek, the exile leader of the Croatian Peasant Party, was residing in Paris at this time. In mid-August, he came to the United States on a visitor's visa.

if the Assistant Secretary could find time to receive Mr. Knejevitch, to hear the Committee's views.⁸

⁸ According to a memorandum by Barbour dated August 8, not printed, Knezevich called on Assistant Secretary of State Armour on August 5. Knezevich spoke of the program of the Yugoslav National Committee and emphasized the Committee's need for financial assistance. The Assistant Secretary "informed Mr. Knezevich that his exposition of the aims and policies of the National Committee was interesting but that the request for assistance posed a number of difficult questions". (860H.00/8-547) Knezevich also left with Assistant Secretary Armour a letter to President Truman, dated May 19, not printed, setting forth the views of the Yugoslav National Committee on the situation in Yugoslavia. In transmitting this letter to President Truman's secretary on September 11, Assistant Secretary Armour made the following observation:

"It is to be noted that the Yugoslav National Committee in London is composed almost entirely of Serbs, and does not contain representatives of the Croatian Peasant Party or the Slovene Clerical Party, the largest and most important pre-war political groups in those two sections of Yugoslavia." (860H.00/8-547)

711.60H/7-2347

*The American Embassy in Yugoslavia to the Yugoslav Foreign Ministry*¹

No. 672

The American Embassy presents its compliments to the Yugoslav Ministry of Foreign Affairs and has the honor to refer to the Ministry's Note No. 47923 of May 15, 1947 in which the Ministry questions the validity of the grounds on which the United States Government has declined to issue passports to American citizens for the purpose of visiting Yugoslavia.²

The Ministry of Foreign Affairs under point (a) states:

"That American citizens in Yugoslavia as, after all, foreigners in general, enjoy full liberty and that Yugoslav authorities do not prevent them from maintaining every possible contact with their diplo-

¹ The delivery of this note was authorized in telegram 453, July 13, to Belgrade, not printed (711.60H/5-2347). The source text was transmitted to the Department as an enclosure to despatch 24, July 23, from Belgrade, not printed.

² The Department of State's restrictive policy with respect to the issuance of passports to American citizens valid for Yugoslavia had elicited several oral and one written protest from the Yugoslav Embassy dated April 2. In a note to the Yugoslav Ambassador dated April 16, the Acting Secretary of State explained that in view of the difficulties which American diplomatic and consular officials had encountered in their efforts to render assistance and protection to American citizens in Yugoslavia, the Department of State felt it would be remiss in its duties to American citizens should it issue passports freely for travel in Yugoslavia prior to the time when they might be permitted to travel freely and safely and be given aid and protection not only by the Yugoslav Government but also by the United States Government. The Acting Secretary's note also cited the inadequacies of transportation to, from, and within Yugoslavia, the meagerness of hotel or other living accommodations in Yugoslavia, and the recent public statements concerning the acute food shortage (138 Yugoslavia/21). In its note No. 47923 to the Embassy in Yugoslavia, a copy of which was transmitted to the Department as an enclosure to despatch 887, May 23, from Belgrade, neither printed, the Yugoslav Foreign Ministry had discussed the Acting Secretary's note of April 16 (711.60H/5-2347).

matic and consular representatives, nor do they hinder such representatives in performing their legal competence."

In this connection the Embassy, under instructions from its Government, invites the Ministry's attention to the following cases which are typical of those in which this Embassy has encountered difficulties in rendering assistance and protection to American citizens in Yugoslavia; further cases are omitted for the sake of brevity.

1. When the first American transport plane was shot down by Yugoslav fliers in August, 1946, American crew members were held incommunicado nine days by the Yugoslav authorities; during that time the United States representatives were not permitted to see them.³

2. Mrs. Florence Rottman, an American citizen, was held incommunicado for over five months by the Yugoslav authorities without any charges being preferred against her.

3. Joseph and John Klein, American citizens and brothers, were imprisoned for four months by the Yugoslav authorities after being arrested the very day the Ministry of Foreign Affairs informed the Embassy that they would be permitted to depart from Yugoslavia.

4. Rade Kockarov, an American citizen, was arrested and detained for several months by the Yugoslav authorities for refusing to vote in Yugoslav elections for the reason that he was an American citizen.

5. Vladimir Wiwcharovsky, an American citizen, was held by the Yugoslav authorities for over ten months and was at the same time dispossessed of all documents proving his American citizenship. The Yugoslav authorities have even yet not returned them to this Embassy. This is only one of many cases in which documents, including valid American passports, have been taken from American citizens and have yet to be returned despite repeated requests by the Embassy.

6. Roy H. Stoeckel, an American citizen, was arrested by the Yugoslav authorities on or about July 20, 1946. Although the American Embassy made repeated inquiries of the Ministry of Foreign Affairs concerning the whereabouts of Mr. Stoeckel, it was not until September 21 that the Ministry of Foreign Affairs admitted to the Embassy that Mr. Stoeckel was in the custody of the Yugoslav authorities. Furthermore, in spite of repeated requests, it was not until November 15, almost four months later, that an official of the United States Government was permitted to visit Mr. Stoeckel at the prison where he was being detained.

7. Ivan Pintar, an American citizen, was tried and found guilty on charges of having been a member of a subversive group. The principal point brought out in the evidence against him was that he had stated that he would seek aid of the American Consulate in Zagreb, though he did not in fact approach the Consulate. Despite this he was sentenced to death, a sentence later reduced to 20 years imprisonment. Prior to the trial of Mr. Pintar, the Prime Minister of the Government of Croatia told the American Consul at Zagreb, that an espionage charge against Mr. Pintar had not been established, and the Chief Secretary

³ For documentation regarding the downing of two American transport aircraft over Yugoslavia in August 1946, see *Foreign Relations*, 1946, vol. vi, pp. 867 ff.

of the Government of Croatia assured the Consul that no charge had been made, and none was intended, on grounds that Mr. Pintar was an American spy. In spite of the foregoing, in the judgment handed down by the court, Mr. Pintar was found guilty under Section 3(10) of the "Law on Criminal Acts Against the People and State," which section relates to persons engaged in espionage.

8. Although the United States Government has repeatedly requested permission for its representatives to visit claimants to American citizenship who are detained in camps by the Yugoslav authorities, such permission has been consistently refused; and although the Yugoslav Government has denied the existence of forced labor in Yugoslavia as affecting American citizens, on May 5, 1947 the Ministry itself brought to the Embassy's attention the case of an American citizen who had been forcibly detained for two years and employed in work for which she received no remuneration.

The Embassy has been pleased to note on several recent occasions that the Yugoslav authorities have cooperated with the Embassy in the latter's endeavors to provide appropriate protection for American citizens. While confident that the Yugoslav authorities will continue to extend this gratifying cooperation in the protection of American citizens, the Government of the United States feels in the light of the above record that it would be premature to permit American citizens to come to Yugoslavia except for compelling reasons.

The Ministry's attention is also invited to the following pertinent matters:

1. On May 2 the American Chargé d'Affaires, traveling with other officials of the Embassy, was detained at Pec, his diplomatic card and camera and those of the other members of the party were taken by Yugoslav officials, insulting remarks were made to him, and his efforts to establish his diplomatic immunity were summarily rejected.⁴ On May 30 a film was confiscated from Captain Heubner, pilot of the Embassy plane, who was taking photographs in the old quarter of Sarajevo, and on June 12 a film was confiscated from Miss Buck, a clerk of the Embassy, on the ground that she had photographed a "military installation," to wit, the ancient and historic bridge at Mostar. The Embassy has found also that its employees have encountered serious difficulties in obtaining living quarters and have been subjected on occasions to humiliating interference in the occupancy of their quarters, while, in the performance of their functions they would normally have the assistance, rather than encounter the obstruction of local authorities.

The Ministry will appreciate that if these incidents can happen to the Acting Head of the Embassy and to other officials and members of the Embassy staff (some of whom speak Serbo-Croatian) who enjoy diplomatic immunity or the customary privileges accorded to personnel of diplomatic missions, a far more serious danger exists that

⁴ Regarding the incident under reference, see telegram 455, May 6, from Belgrade, p. 794.

such incidents might occur to American tourists who do not have this status and do not speak the Serbo-Croatian language.

2. Despite the provisions of Articles 1 and 3 of the Convention of Commerce and Navigation of 1881, now in effect between Yugoslavia and the United States, American citizens cannot travel throughout the country without special permits. The Ministry's records will show that even non-commissioned members of the Embassy staff have been unable to obtain permits for desired trips, despite repeated assurances that Embassy personnel would not encounter difficulties in this regard.

3. The Embassy is in entire accord with the Ministry that it is incumbent on foreigners to observe the laws of the country in which they may be traveling. The Ministry will nevertheless appreciate that American citizens are accustomed to express their opinions with a freedom which is not in practice permitted under Yugoslav laws. The Government of the United States would not wish its citizens without willful intent on their part to be exposed to the danger of serious contravention of Yugoslav laws by expressing opinions of governmental personalities and policies, a right which in the United States is guaranteed by fundamental law.

4. Prices in Yugoslavia in terms of dollars at official exchange rates are exorbitant. At the same time Yugoslav dinars can be purchased outside of the country at a fifth the official rate. Under these circumstances many tourists coming to Yugoslavia would doubtless undertake, even though in violation of Yugoslav exchange regulations, to bring the dinars they needed into the country. This might well result in a series of disagreeable incidents.

On the matter of the food situation in Yugoslavia, which is the subject of point (c) of the Ministry's Note under reference, and with regard to which reference is made to a statement of the Department of State dated March 15,⁵ it is important to note that that statement did not say that the food situation in Yugoslavia was "satisfactory." The statement said:

"The United States Government cannot conclude that the needs of Yugoslavia for free relief are in the same category as those of certain of the other devastated countries . . . the amount which the United States can move for export in those two months (March and April) and the diversion of shipments to Yugoslavia during those months would necessitate reductions in amounts already determined to be of greater necessity to other countries. Whether a small allocation from United States sources could be made in May or June would depend on a confirmed showing by the Yugoslav Government of a serious Yugoslav need in relation to other critically deficient countries."

Furthermore, the Department's Note of April 16 to the Yugoslav Embassy in Washington was not limited to a mention of "recent public statements concerning the acute food shortage in Yugoslavia." That

⁵ For the text of the Department of State statement under reference, see Department of State *Bulletin*, March 30, 1947, p. 585.

note specifically referred to two public pronouncements by Yugoslav officials regarding the reported Yugoslav situation.

The Government of the United States shares the Yugoslav Government's conviction that mutual understanding between the peoples of Yugoslavia and the United States of their life and work is one of the basic conditions for closer relations between the two countries. Nevertheless, until it is clear that American citizens can travel freely within Yugoslavia in accordance with their treaty rights and free of molestation within the norms of tourist travel which prevail in other countries, the Government of the United States believes that incidents might readily arise which would prejudice rather than ameliorate the relations between the United States and Yugoslavia.

The first paragraph of Section 2 of the Ministry's Note acknowledges in effect the principle of international law under which it is the sovereign right of any nation to determine under what conditions its nationals may be issued passports or may depart from or enter its territory. The various considerations set forth above indicate to what degree the Government of the United States has given its attention to the question involved; at the same time it alone must determine what control it should exercise over the travel of American citizens, and must deny the right of any other Government to question its policy in this matter.

The Embassy takes this occasion to renew to the Ministry of Foreign Affairs the assurances of its high consideration.

BELGRADE, July 22, 1947.

840.50 Recovery/8-747 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET

BELGRADE, August 7, 1947—2 p. m.

891. Soviet response to Marshall Plan ¹ which has been to speed the pace and clarify the extent of their economic plans in this area makes essential a reappraisal and clearer definition of our basic commercial policy towards Yugoslavia. Embassy earnestly hopes Department will give this important matter immediate consideration.

References have recently appeared to Molotov ² Plan or Russian attitude as a negative approach to European reconstruction or as

¹ For documentation regarding the European Recovery Program, the plans for which were first enunciated by Secretary of State Marshall in his speech made on the occasion of commencement exercises at Harvard University on June 5, see volume III.

² Vyacheslav Mihailovich Molotov, Minister for Foreign Affairs of the Soviet Union.

period of waiting for US economic crisis and breakdown efforts European states for self-help. On contrary it seems to Embassy that positive elements of Soviet plan pursued long before Marshall Plan announced and now greatly augmented are far more significant as promoting a divided Europe and separate regional organization eastern European states. These divisive elements apparent from character trade agreements policy and from pattern general economic developments.

Although some corroboratory details may be lacking, Embassy assumes Yugoslav position typical if somewhat more advanced. Yugoslavia now has commercial agreements 17 countries, with British, Italian, Turkish and Argentine negotiations under way. But core of this commercial network is treaties friendship, collaboration and mutual aid or long-term economic treaties as distinguished from more limited 1-year trade agreements signed with west. Yugoslavia has signed these full economic treaties only with eastern Europe: Russia, Albania, Czechoslovakia, Poland, Hungary, Bulgaria and conclusion with Rumania expected soon.³ Terms these full treaties never made public but all information points probability they provide for political, cultural, military collaboration and wide range economic cooperation including establishment joint companies and linked economic enterprises.

Moreover, both pace and character eastern European commercial organization seems to have changed since beginning of 1947. Last year Yugoslav trade agreements were comparatively well distributed between western and eastern Europe and performance agreement obligations appeared reasonably faithful. In past 6 months, Yugoslavia has signed important new agreements with Russia, Czechoslovakia, Poland, Hungary, Bulgaria, and lesser agreements with Russian zone in Germany, Albania and Finland. During this period only Yugoslav agreement of any significance outside established Soviet bloc was Swedish. Agreement activity with western Europe limited to extending time for fulfillment existing agreements. Western European representatives here are almost unanimous in complaints of Yugoslav noncompliance with trade commitments. Yugoslavs have refused to ship,

³ Reference here is to the Soviet-Yugoslav Treaty of Friendship, Cooperation and Mutual Assistance of April 11, 1945, and the Soviet-Yugoslav agreement on economic collaboration of June 8, 1946, the Albania-Yugoslav Treaty of Friendship and Mutual Assistance of July 9, 1946, the Albanian-Yugoslav agreement on economic cooperation of July 1, 1946, and the Albanian-Yugoslav agreement of November 27, 1946, regarding the coordination of economic plans, unification of currencies, and establishment of a customs union, the Czechoslovak-Yugoslav Treaty of Friendship and Mutual Assistance of May 9, 1946, the Polish-Yugoslav Treaty of Friendship and Mutual Assistance of March 18, 1946, and the Hungarian-Yugoslav agreement regarding long-term trade of July 24, 1947. Later in 1947, Yugoslavia concluded Treaties of Friendship, Cooperation and Mutual Assistance not only with Rumania (December 19, 1947), but also with Bulgaria (November 7, 1947) and with Hungary (December 8, 1947).

delayed shipments or altered price/quality ratio prohibitively. Particularly vehement these criticisms have been Belgians, Dutch, French and Swiss. Although Yugoslavs have pressed British for trade agreement, they have delayed extending minimum indispensable facilities pending further development regional relationships and tangible evidence as to degrees of export promises will materialize.

Thus, long before announcement Marshall Plan, two trends could be noted Yugoslav commercial policy: (1) development and intensification economic relations within Soviet bloc by full scale economic treaties; (2) establishment façade lesser agreements with west which have remained largely unfulfilled.

Department will appreciate savagery of repressive measures re Yugoslav security limits information to occasional glimpses of behind scenes regional development and compels their interpretation more as clues than full picture. Following developments indicate additional approaches exclusive eastern European organization: (1) Danubian railroad transport conference held Belgrade last December; (2) development network Soviet satellite aviation routes and companies such as Soviet-Yugoslav JUSTA;⁴ (3) Moscow Communication Conference June, 1947, for satellites; (4) Rumanian-Yugoslav agreements re development hydroelectric potential at Iron Gates, Danubian navigation and Carpathian waterway commerce; (5) mixed Soviet satellite Danube navigation corporations such as Soviet-Yugoslav JUSPAD,⁵ and refusal Soviets and satellites to concede any rights on Danube to nonriparian states; (6) establishment Yugoslav-Albanian mixed companies in banking, foreign trade, railroads, shipping, electric power, minerals and petroleum and extension by Yugoslavia of subsidy to Albania which amounted to 10% more than all Albania's own revenues; (7) establishment Yugoslav-Hungarian-USSR aluminum production and marketing cartel;⁶ (8) regional exchanges labor technicians and training. Soviet, Hungarian, Czechoslovak, Polish and Soviet zone Germany experts now working and instructing in Yugoslavia.

In none of these developments have western European states been invited to participate. Embassy knows of no official of any government in eastern Europe with exception now chastened Czechoslovaks, who in past 2 years has devoted himself in any public statement to a

⁴ The Yugoslav-Soviet Civil Air Transport Joint Stock Company (JUSTA) was established by an agreement of February 4, 1947 between the two countries.

⁵ The Yugoslav-Soviet Danubian Shipping Joint Stock Company was established by an agreement of February 4, 1947 between the two countries.

⁶ Hungarian aluminum production was in the hands of a Soviet-Hungarian joint stock company for bauxite-aluminum. By an agreement of May 11, 1947, Hungary and Yugoslavia undertook to cooperate in the production of aluminum.

general European economic viewpoint as distinguished from an eastern Europe.

Recent Yugoslav-USSR, Czechoslovak-USSR and Albanian-USSR long-term economic treaties besides obvious timing as psychological reply to Marshall Plan have capped affirmative process by illustrating public Soviet underwriting for those installations and supplies which region could not provide from own present resources.

Main distinction between Marshall and "Molotov Plan" is not that former constitutes interference with national sovereignty as Soviet ventriloquists maintain but that it does not. "Molotov Plan" proceeds on broad front of cultural, political and military organization aimed at producing an integrated regional society under complete Russian control.

In Embassy's view best answer to charge that Marshall Plan will promote division in Europe is a review of the exclusive economic separatism that the "Molotov Plan" has been developing in eastern Europe for past 18 months.

Embassy feels two basic conclusions justified by this review: (1) USSR and its satellites not only uninterested in common effort restore all European recovery but actively pursuing policy designed to produce maximum economic strength in eastern Europe and minimum vitality in western Europe; (2) little chance future participation eastern Europe in any genuine attempt for general European cooperation since adherence in good faith would require abandonment Soviet plan now being systematically intensified.

These conclusions involve two high and urgent policy matters. First, extent to which German industrial capacity will be permitted to manufacture for the satellite bloc with all its implications of adding strategic strength this area. View arrival here bizonal trade delegation for commercial agreement, this decision pressing. Second, as broad decision as possible on US commercial policy toward the eastern division of Europe that the "Molotov Plan" has created, and specifically and urgently as to whether Embassy should encourage and US Government will permit exports to Yugoslavia and Soviet bloc under:

(a) Nondiscriminatory program limited, if at all, only to provision that no credits shall be advanced; (b) selective program which for example might impose no obstacles export consumers goods but exclude developmental or capital goods exports; (c) controlled program which would prevent export goods which would increase Yugoslav and bloc's war potential.

Military Attaché requests foregoing be released to War Department.

CANNON

Editorial Note

On August 13, the Department of State issued to the press a statement responding to a number of charges made against the United States by Marshal Tito in the course of an interview with the official Yugoslav news agency on August 7. For the text of the statement, see Department of State *Bulletin*, August 24, 1947, page 391.

711.60H/8-2447 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

CONFIDENTIAL

BELGRADE, August 24, 1947—noon.

967. I returned this morning from Zagreb whither I had gone Friday¹ night for an interview with Marshal Tito yesterday. Though I had expected, and as the event proved, that this my first extended conversation with him would consist largely of civilities, I had gone prepared to discuss a variety of topics if the opportunity arose. I introduced several of these themes but they elicited nothing more than desultory though friendly and at times humorous rejoinders.

He showed a spark of interest in the tourist passport matter curiously stressing the need of tourists' dollars more than the political aspects. He deplored (and it was he who introduced this theme) the rough language in some of the exchanges between our governments and asked our indulgence for "impetuous, young and only partly trained officials". He would see that those things were changed. I thanked him but supplemented his remarks by adding that I was more interested in the substance. He invited me to come to him personally whenever I felt his intercession might be needed. Though he said this three times in the course of our talk and I shall not forget it, I still am not sure it meant more than the assurance customary in this type of interview.

There was only one remark in the whole conversation which he may have intended to carry some significance. This was his statement "of course there are some fundamental problems and differences which you and I, as we work on these problems here, even with all good will, shall not be able to change".

CANNON

¹ August 22.

860H.001 Peter II/8-2947: Airgram

*The Minister in Switzerland (Harrison) to the Secretary of State*¹

CONFIDENTIAL

BERN, August 29, 1947.

A-389. Following is text of letter received by Legation's Military Attaché under date of August 26 from ex-King Peter of Yugoslavia, now sojourning at St. Moritz:

"Events are unrolling so fast that surprises are not excluded.

"My confidants in the country and all eminent Yugoslavs in emigration, request me to proceed to an organized and immediate action, with the aim of preparing for coming events.

"While on one side Moscow and the Komintern with their satellites are precipitately preparing and energetically realizing their objectives, while we on the other hand allow imminent events to surprise us and find us unprepared.

"I consider that Your Government ought to let me know its point of view on many questions (concrete and principal), in order for me to conform my actions.

"This was the principal reason for which I have, on several occasions, expressed my desire to render possible my visit to the United States of America.

"The present situation is such that I feel obliged to respond to the expressed wishes of my people and to proceed to take steps in order to win a true liberty for my people and to do my best to institute a real democratic regime in my country.

"I therefore would be grateful if you would please ask for instructions from Your Government on the following questions:

"1.—May I count on an authorization to render myself to the U.S.A. and to spend there only a few weeks?

¹ A file notation in an unidentified handwriting reads "no reply necessary".

A previous request by former King Peter for a visa to the United States had earlier been rejected by the Department. Arthur Bliss Lane, former Ambassador in Yugoslavia and more recently in Poland, called on Secretary Marshall and Under Secretary Acheson on May 9 to urge that King Peter be granted a visa. According to the memorandum of the conversation, not printed, Under Secretary Acheson explained the Department's position as follows:

"Mr. Acheson said that he was responsible for the refusal which was based on the fact that such a visit would be exploited by the communist press not only in Russia but in France, Italy and elsewhere to accuse us of backing royalty and reactionary forces. We had to consider this in relation to the situation in Greece, Turkey and other places where propaganda of this kind was being directed at us." (860H.001 Peter II/5-947)

Ambassador Lane took up the matter with Assistant Secretary of State Armour on several occasions in July and August. On September 10, Assistant Secretary Armour wrote to Lane to explain that the Department had been prepared to give favorable consideration to the proposed visit on the understanding that it would be in connection with personal business. Referring to the airgram printed here, Armour then added the following:

"I think you will admit that this throws quite a different light on the proposed visit. It certainly would seem to indicate that King Peter's primary interest in coming to this country is political. Consequently, in view of the complications that might ensue, we do not believe it advisable to encourage his coming. In fact, we can't see as things are to-day that anything would be gained by his visiting this country." (860H.001 Peter II/9-1047)

"2.—In the case that the U.S. Government, for whatever reason, does not desire my coming to the U.S.A., is it willing to accept my representative, who would present the situation and receive the necessary suggestions from your Government?

"3.—May I expect that the Government of the U.S.A. would designate its representative, with whom I could treat all questions and by whom the points of view of your Government?

"It is necessary to receive a definite and prompt answer to this letter, as the situation is such, that I will be forced to take certain definite steps before this winter.

"My wish is that my activities be in conformity and in the same spirit with the policy of the Government of the United States of America.

"My people, in their plea for aid, turn their look toward Washington and their King believes that Washington will understand and help them regain their liberty.

Yours very sincerely,

Peter II R"

Pending expression of Department's views with respect to points raised therein, Legation proposes to make no reply to foregoing letter beyond oral acknowledgment already made by Military Attaché, who is reporting substance of above also to War Department.

HARRISON

860H.00/9-747 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

RESTRICTED

BELGRADE, September 7, 1947—10 a. m.

1017. Important role of Yugos in debates in approaching GA of UN¹ prompts me to put before Department following review covering present position this govt as to its internal political stability, its economic strengths and weaknesses, its strategic potential and its freedom of action in world affairs.

1. This tight dictatorship operated by Communist Party has had two years consolidate its power. There is much sullen bitterness among people at large and few sporadic raids by guerrillas in woods but by combination of police terror, use of military for internal security, suppression civil liberties, incessant propaganda and social reforms, this minority regime has undoubtedly entrenched its position and has been able to hold in check old conflict between Croats and Serbs. Altho govt has systematically eliminated opposition leaders, latent opposition exists among peasantry at large and among Roman Catholic element. Opposition though potentially important lacks cohesion, organization

¹ The second regular session of the United Nations General Assembly convened at Flushing Meadow, New York, on September 6. The United States had already requested that the problem of the threats to the political independence and territorial integrity of Greece be included on the agenda of the General Assembly. For documentation of this matter, see volume V.

and program and could not today count on substantial support in army. Top men of regime may be uneasy but they have ruthless determination and some of them have apostolic fervor and we must expect them to be able cope with any attempt overthrow regime from within.

2. From all external appearances Yugo is vigorous and functioning economy. As result hard driving and in spite deficiencies in tools and equipment Yugo has achieved virtually full recovery in pre-war industrial production and has gone far in its agricultural recovery. In some branches production has surpassed 1939 level. It would be a mistake, however, to credit entirely either communism or national efforts for this rapid recovery. Yugo Govt has not yet had to face up to its problems on its own but has been able to draw on enormous UNRRA assistance, superior labor source of German POWs and reparations deliveries which amounted \$16 million in first 6 months this year alone.

Foreign trade will be of key significance for next few years. Success of industrialization program will depend on imports industrial machinery transport equipment and spare parts for which Yugo lacks foreign exchange and is further handicapped by primary economic commitments to Soviet and eastern bloc. Its blocked assets in US are of great importance. But Yugos position should not be underestimated. Its trade has been largely bilateral barter and will doubtless continue so. It is using nationalized property claims to compel trade agreements either on threat of non-settlement or to guarantee deliveries from west in return for greater Yugo exports to pay for imports plus claims. Its rich resources in critical commodities—copper, lead, zinc, chrome mercury, timber, alkalis, food stuffs and grains—give it considerable bargaining advantages. Yugos export surpluses both real and sacrificial will not be used in return for its own externally assisted recovery to assist general European rehabilitation but will be exploited for straight political advantages or hard commercial bargains. Notwithstanding asseverations of propaganda regime cynically considers an improved living standard a dispensable luxury for people inured to hardship.

If present trends continue following will be especial economic weaknesses: (1) disproportionately large military establishment, (2) swollen bureaucracy and internal security force, (3) lack of skilled labor and consequent necessity using techniques based on piece work speed up, (4) omnipresent fear and lack of personal security which seems to increase with importance of work to be performed.

3. Strategically Yugo is probably most important satellite in Russian orbit and Yugo in this sense must include Albania which for all practical purposes may be considered seventh constituent republic. Yugo offers Russia an outlet to Adriatic and Mediterranean spring-board against Greece, Turkey, Austria and Italy; protecting buffer for

Russia, source of food, raw materials and manpower. Yugo armed forces of 350,000 to 400,000 men with 1 to 1.5 million basically trained reserves are developing under Russian control and supervision from guerrilla organization but have not yet achieved status of modern army due shortages in technically trained personnel and latest equipment and limited Yugo industrial capacity and must of necessity be dependent on Russian assistance. Troops are well disciplined and army leadership of young officers and old Communists is loyal to Tito.

4. Tito regime evidently enjoys considerable freedom from Soviet interference in decisions re domestic policy and in determining tempo communization programs. Occasionally in international issues it appears have taken an original position which has been more advanced than Moscow seemed prepared support. It cannot now be determined with assurance, however, whether these original positions represented distinctive national point of view or an instructed probing into western defenses. On evidence now available Yugo stands out as Soviets most faithful and conscientious collaborator rather than satellite and at same time spearhead of dynamic expansionist Communism. Yugo nationalism may well some day conflict with Soviet purpose but this does not seem likely as long present acute east-west division is maintained.

From this intricate mass of conflicting elements I draw these conclusions.

1. In general program of Soviet bloc Yugo Govt seems chosen spearhead expansionist movement. I am thinking here of Italy and even Spain. More immediate problem of Greece with its nationalistic aspects as well as territorial demands on Austria are in part this softening up drive. Something like a HQ of Internationale seems to be functioning here.

2. Judging from Yugo record on previous international engagements we can expect no genuine cooperation in international field. Present leaders think that if UN ceases be useful forum Soviet bloc should not hesitate go it alone.

3. Individualism of peasants, chafing of general population at restraints and real friendship of Yugo people for US support parliamentary institutions genuinely desired; but regime dare not risk a compromise or accept process orderly evolution. Any gesture in this direction would be tactical only.

4. Rate of genuine rehabilitation, zeal of regime and intoxication with own propaganda have blinded it to certain indisputable weaknesses. It is cocksure rather than really strong. We should not under-rate the danger that this cockiness may lead to tragic adventures.

This telegram prepared in consultation all officers including service attachés. Latter ask that text be made available War and Navy.

Sent Department 1017; repeated Moscow 56, Athens 46.

CANNON

860H.00/10-647

*Memorandum of Conversation, by Bernard C. Connelly of the Division
of Southern European Affairs*

[Extracts]

CONFIDENTIAL

[WASHINGTON,] October 6, 1947.

Participants: Dr. [Miha] Krek
Mr. Constantin Fotich, former Royal Yugoslav
Ambassador
SE-Mr. Barbour
Mr. Connelly

Dr. Krek called October 6 by appointment made by Mr. Fotich to pay his respects. Dr. Krek is the leader of the Slovene People's (or Clerical) Party, which is the largest political group in Slovenia and with Dr. Macek's Croatian Peasant Party represents the largest opposition group to the present Yugoslav regime. Dr. Krek was a member of several pre-war cabinets and was also a member of the Royal Yugoslav Government-in-exile in London. He has been sentenced in absentia by the Yugoslav "People's" Courts on charges of collaboration to ten years at forced labor, and recently arrived in the United States from Rome, where he had been residing for the past several years.

VISAS

RESETTLEMENT OF YUGOSLAV DP'S IN ITALY

The matter of the resettlement of Yugoslav, particularly Slovene, refugees in Italy, was then raised. Mr. Fotich said that the plan to settle Serbian refugees in the Dominican Republic had been bogged down because of the unsettled situation in the Dominican Republic due to the rumors of revolutionary action by anti-Trujillo¹ elements. Mr. Fotich felt that with the recent arrest of the insurrectionist group in Cuba negotiations for the transfer of Serbian refugees from Italy to the Dominican Republic could now proceed to, he hoped, a successful conclusion. Slovene refugees in Italy, Dr. Krek observed, numbered some 5,000, both in and outside of DP camps. IRO's shortage of funds prevented emigration of this entire group within the near future. IRO, however, was hoping that some funds might be available for transportation expenses, and Dr. Krek would attempt to obtain funds from various Slovene groups in this country to cover these costs. First efforts were being directed to shipping to the Argentine those Slovenes now inside DP camps. Dr. Krek added that there were several hundred Slovene refugees already in the Argentine, and that

¹ Gen. Rafael Leonidas Trujillo Molina, President of the Dominican Republic.

some 500 more were now on their way. The difficulty, however, in expediting this matter was, he felt, due to the Argentine visa requirements. Although all 5,000 Slovenes, he indicated, had been accepted for emigration by the Argentine authorities, the physical process of issuing visas was such that the Argentine officials in Italy could only complete action on eight or so cases a day.

REQUEST FOR U.S. PROTEST ON YOVANOVIC TRIAL

Both Dr. Krek and Mr. Fotich then referred to the trial now going on in Belgrade of Dr. Dragoljub Yovanovic, who until his arrest last May was the only opposition leader left in the Parliament, and who has now been charged by the Yugoslav authorities with espionage on behalf of a foreign power.² Pointing to the Department's efforts in behalf of Petkov, the Bulgarian opposition leader who was recently convicted on similar charges and executed by the Bulgarian Government, and to the encouragement which the Department's actions in his behalf had given to anti-Communist elements in Bulgaria and neighboring countries,³ Mr. Fotich expressed his earnest hope that the Department could take some action which, while admitting it would probably have no beneficial effect on the outcome of Yovanovic's trial, would nonetheless give moral support to the anti-Tito elements in Yugoslavia. Mr. Barbour stated that the Department was not unmindful of Dr. Yovanovic's actions and courage in expressing publicly his opposition to certain recent laws of the Tito regime; that our protests in the Petkov case, while referring to one individual, nonetheless set forth clearly our view on all such trials in Soviet satellite countries; and that any action in respect to Yovanovic was a matter which required careful study.

Dr. Krek stated that Yovanovic, who was a professor at the University of Belgrade and had a sizeable following among the Serb peasant population, had always been known for his pronounced leftist views. Shortly before the war he had forced a split in the Serbian Agrarian Party and formed a new party of those who favored cooperation with the Communists. His espousal of the Communist cause led to his imprisonment during the time that Dr. Krek was in the cabinet shortly before the war. Yovanovic, when he joined the People's Front, did it, so Dr. Krek stated, because of his conviction that it was possible

² The arrest of Jovanovic was reported to the Department in detail in despatch 892, May 26, from Belgrade, not printed (860H.00/5-2647). Jovanovic's trial in early October was reported in great detail in despatch 221, October 8, from Belgrade, not printed (860H.00/10-847). He was convicted and sentenced to 9-years imprisonment at hard labor.

³ For documentation regarding protests by the United States Government about the trial and execution of Bulgarian political leader Nikola Petkov, see pp. 159-183, *passim*.

to work with the Communists. He was elected a member of the Serbian state and the federal parliaments, and was a vice president of the National Presidium. His actions over the past year, however, in showing his loss of faith in the Communists by criticizing in Parliament (a) the redistribution of agricultural land in Serbia, (b) the nationalization law, (c) the five-year plan and the budget with its tremendous amounts allocated for military expenditures, led to his arrest last May. Earlier in the spring he had been severely beaten up by a gang of toughs when on a visit to a village in North Serbia as punishment for his opposition to the present regime.

REORGANIZATION IN ITALIAN COMMUNIST PARTY

TITO-UK AGREEMENT ON DP'S IN AUSTRIA

Just before departing Dr. Krek mentioned the fear with which Yugoslav refugees, particularly Slovene, in the British zone in Austria regarded the recent Tito-British agreement for the screening of the 20,000 Yugoslav DP's there.⁴ He said that the announcement of the agreement had caused great confusion and utter dismay among these people and that many of them were fleeing from the camps to hide out in the woods. This resulted from the refugees' belief that fair and just standards of judgment would not be employed by the British in screening and in handing persons over to the Yugoslavs, whose charges, often based on political considerations, would, the refugees felt, be accepted by the British without a close scrutiny as to their veracity.

⁴ On September 8, British and Yugoslav representatives signed an agreement at Bled, Yugoslavia, dealing with displaced persons, war criminals, and traitors. The Yugoslav Government denounced the agreement on December 9.

811.001 Truman, H. S./10-747 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

BELGRADE, October 7, 1947.

2065. Have today written following letter to Velebit Acting Foreign Minister:

"I was shocked to read in this morning's *Borba* an article put together in the most insulting language to present a series of vicious attacks on the person of the President of the United States.

I assume this text to be reprint of the scurrilous article which recently appeared in the *Literturnaja Gazeta* of Moscow, and I am sure that you know that when that article was first published the American

Ambassador at Moscow requested in a personal letter to Mr. Molotov a disavowal of the article.¹

In the light of the notoriety of the article as a result of the protest of the American Ambassador at Moscow, I can only consider its republication in *Borba*, the official organ of the Yugoslav Communist Party, as a deliberate and intentional offense to the President and to the people of the United States.

In view of the special position of the newspaper *Borba* in the Yugoslav press, I cannot believe that the Yugoslav Government can remain indifferent to an article of such import in international relations appearing in this paper. On September 21, you assured me that the Yugoslav Government was giving attention to the offensive press campaign against the United States, and drew my notice to the suppression of a recent periodical. In the light of these assurances, I find that I must request you to inform me of the present position of the Yugoslav Government, with particular reference to this most recent and most insulting example.

Accept, etc."

CANNON

¹ For the exchange of notes on September 25 between the American Ambassador in the Soviet Union Walter Bedell Smith and Soviet Foreign Minister Molotov regarding the libelous personal attack on President Truman in an article in the Soviet journal *Literary Gazette*, see Department of State *Bulletin*, October 12, 1947, p. 743. For additional documentation on this subject, see pp. 588-590, *passim*.

811.001 Truman, H. S./10-747: Telegram

The Acting Secretary of State to the Embassy in Yugoslavia

SECRET

WASHINGTON, October 8, 1947—6 p. m.

670. Republication in Belgrade of scurrilous attack on President obviously equally reprehensible with original appearance in similarly controlled Soviet press to which Dept approved Moscow's protest and your letter Velebit (urtel 2065, Oct 7) serves to register our consciousness Yugos motives in reprinting.

Full publicity given exchange communications with Molotov this matter. Since in cases protests this kind lack of complete public comprehension of situation in controlled press countries occasions some confusion here where press freedom is so basic a concept our policy, Dept does not feel further publicity would serve useful purpose. Consequently, Dept believes undesirable release your letter to press although recognize possibility Yugos may do so. We question advisability of pursuing matter further (urtel 2066, Oct 7¹) but will consider upon receipt Velebit reply.

LOVETT

¹ Not printed.

811.001 Truman, H. S./10-2347 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

CONFIDENTIAL

BELGRADE, October 23, 1947—noon.

2135. In long note dated October 16, Velebit has not replied to my letter (Embtel 2065, October 7). He expressed astonishment any relationship between attitude Yugoslav press and position government could be drawn; parroted Molotov regarding freedom of press and added "I suppose that you personally will be aware extent offensive attitude large section American press has reached—this section press is slandering FPRY, insulting prominent Yugoslav personalities and constantly inciting hostility towards our country. I should say that your steps in respect to mentioned examples will be more justified had Government US disavowed such an attitude of American press." Full text being airmailed.¹

Without illusions as to effectualness our protest we had felt that Yugoslav impudence in reprinting Truman article after our protest at Moscow was, because premeditated, much more offensive than original publication and could not therefore go unchallenged. Since we anticipated this sort of reply we did not and do not now recommend publicity. Moreover, we believe we should henceforth be selective in matters of protests in order to make our best cases most effective (Embtel 2077, October 8²). Case in point is Trieste's 132, October 16 to Department. I shall find occasion for discussing provocations like case, but I question whether formal protest here would be considered anything more than another occasion for countercharges and invective.

CANNON

¹ The text of Velebit's note of October 16 was transmitted to the Department as an enclosure to despatch 264, October 25, from Belgrade, not printed (811.001 Truman, H. S./10-2547).

² Not printed. In it, Ambassador Cannon set forth the view that the reprinting in *Borba* of the Soviet article personally attacking President Truman was an intentional and carefully timed act which was related to the recent establishment of the headquarters of the Communist Information Bureau in Belgrade. Ambassador Cannon concluded with the following consideration:

"Reprint of Gorbodov article though different in approach is a probing like aircraft incidents last summer and Trieste last month. We should make early policy decision on what counteraction we are prepared to take both on how and with what pressure our protests can be supported. We can hardly expect mere notes of protest to be effectual considering that in last two years we have about exhausted the lexicon of strong language." (811.001 Truman, H. S./10-847)

Editorial Note

On November 1, the Yugoslav Government ordered the expulsion from the country within 24 hours of Mr. and Mrs. Arthur Brandel, the resident correspondents of the *New York Times* and the United

Press, respectively. Ambassador Cannon discussed the case with Acting Foreign Minister Velebit the same day, and on November 2, Ambassador Cannon presented to the Acting Foreign Minister a note requesting that the expulsion be reconsidered. For the text of the note see Department of State *Bulletin*, November 16, 1947, page 961.

760H.74/11-747 : Telegram

The Chargé in Bulgaria (Horner) to the Secretary of State

SECRET

SOFIA, November 7, 1947— 7 p. m.

1031. From Heath¹ and Horner. Re London's 5747 to Department, repeated Sofia 50, Belgrade 33.² Reports of impending visit Marshal Tito to Bulgaria once again bring up much discussed subject Balkan or Danubian unification. While this Legation believes that federation of at least southern satellite states possibly including initially only Yugoslavia and Bulgaria is an official Soviet objective (it would be followed eventually by their inclusion [in?] USSR), there is no evidence here to show that Soviets are at present inclined disregard factors militating against early formal political federation.

As indicated Legtel 469, June 24,³ through series economic, political and cultural plants [*pacts?*] already concluded between Soviet satellites political bloc is already in being. As then reported and this even more the case now trade rapidly being diverted into channels prescribed by Soviet planners. Western thought steadily being suppressed and pattern events in Soviet satellites leaves no doubt that political planning being carried out in Moscow. No problem military coordination would seem exist since all these countries either are garrisoned with Soviet troops or their national armies thoroughly penetrated by Soviet trained officers.

Leading obstacles early conclusion Balkan political union include long standing animosities between Balkan peoples and important question of precedence among Communist leaders particularly Dimitrov and Tito.⁴ No doubt national animosities could be overcome and effec-

¹ Donald R. Heath, appointed-Minister in Bulgaria.

² Not printed; it reported that the British Foreign Office was considering the implications of a possible declaration of a Bulgarian-Yugoslav federation on the occasion of Marshal Tito's expected visit to Sofia (760H.94/10-2847). Tito visited Bulgaria in late November, and a treaty of alliance was signed between the two countries on November 27.

³ Not printed.

⁴ A Bulgarian delegation headed by Prime Minister Georgi Dimitrov conferred with Marshal Tito at Bled, Yugoslavia, July 30-August 1. There was wide speculation at the time that these meetings at Bled, which were given very extensive coverage in the Yugoslav press, were an important step in the direction of the establishment of a Yugoslav-Bulgarian confederation. In despatch 61, August 7, from Belgrade, not printed, Ambassador Cannon presented a detailed analysis of

tive opposition quashed and possible, if Dimitrov is really in poor health, he might be kicked upstairs to post in international Communist organization leaving Tito as master south Slavs. Moreover, in spite of bold defiance Bulgarian Communist press to "western warmongers" there still seems be some fear of completely open violations of treaties and formal mergers or absorptions of countries. Efforts throw veil—however transparent—over march of Soviet domination of satellite states seems betray still persistent uncertainty.

Sent Department 1031; repeated Moscow 97, London 118, Belgrade 60.

HORNER

the published reports on the Bled meetings, and made the following summary comment:

"The Embassy feels that the primary purpose in convening the Bled Conference at this particular time was not to lay the foundations for a Balkan Federation, but, rather, to promote the war of nerves against Greece and to attempt, by means of beating the drums of Slav unity, brotherhood and economic collaboration, to convince the public in this part of the world that the countries under the protective wing of the Soviet Union have something better to offer in place of, and which will be more advantageous to them than, the Marshall Plan." (760H.74/8-747)

741.60H/11-1147: Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET

BELGRADE, November 11, 1947—11 a. m.

2208. For some time I have observed a shift in British policy here clearly showing reversion to "soft phase" toward Tito regime such as has recurred at intervals since 1943. It is probably grounded in persistence of idea that there is possibility of an independent British Yugoslav policy separate from British Soviet or other British policies. This misapprehension that Tito is free agent may now be supplemented by doctrine setting up Britain as leader of democratic socialist countries with noble task of bridging widening east-west gulf.

Recent phase may date from Noel-Baker visits ¹ and Maclean talks ² and shows consistent line thru the interrupted negotiations for an air agreement, the gratuitous offering of shipping and claims agreement

¹ Philip Noel-Baker, British Secretary of State for Air, visited Yugoslavia in June. Despatch 1020, June 25, from Belgrade, not printed, reported that Noel-Baker had been received with a considerable outward show of friendliness and cordiality by Marshal Tito and other high Yugoslav officials (741.60H/6-2547).

² Maj. Gen. Fitzroy Maclean visited Yugoslavia twice during the summer of 1947 as head of a special British mission concerned with resolving British-Yugoslav differences over the treatment of Yugoslav displaced persons and alleged war criminals in British custody. His discussions with Yugoslav officials led to the conclusion of a British-Yugoslav agreement on September 8. The agreement was denounced by the Yugoslav Government in December 1947.

(Embtel 888, August 6³) to the major British-Yugoslav economic negotiations still underway, the press exploitation of British delegates to Youth Railway [*Rally?*] and compromises of Generals Steele and Churchill in Carinthia which incidentally were commended by Foreign Office. Visits of Red Dean of Canterbury⁴ and Zilliacus MP group⁵ while fortuitous have strengthened this trend. If this theory is sound it may in part explain new attitude on Trieste (Embtel 2199, November 8⁶).

I wonder whether this long series is only local manifestation of deeper problem indicating general fatigue and frustration in carrying on in this part of Europe in view of serious economic situation at home and Bevin's⁷ troubles with elements in his own party, or even whether it may indicate wistful regret that something like Eden-Molotov agreement on areas for "taking the lead" was not carried thru.

Yugoslav Government ever watchful for signs like this will draw every advantage from circumstances such as Britain's urgent need of trade as shown in present negotiations at London in which connection British Ambassador told me "we simply must have food from Yugoslavia". Local reaction is already evident and there is marked falling off in anti-British propaganda in Yugoslav press.

This means that we must henceforth take into account possibility that Yugoslav Government may now consider that British are no longer an important element as regards either Greece or Trieste and probable Yugoslav Government's confidence that it can work out something as far as British are concerned as regards Carinthia when time comes to take up that problem.

That would mean that it is today only US which stands in Yugoslav Government's way in achievement its program. Of course we can still count on general British support and perhaps full cooperation at moments of crisis such as perfectly splendid British action in mid-September on Trieste and I must admit British Embassy always most helpful to us here. But I do feel that our basic policy must in the future be shaped on assumption we must carry the burden and at times we may have to go it alone.

Sent Department 2208, repeated London 56 and Moscow 72.

CANNON

³ Not printed.

⁴ Dr. Hewlett Johnson, Dean of Canterbury.

⁵ Konni Zilliacus, British Labor Party Member of Parliament, joined seven other Labor Members of Parliament in visits to several Eastern European countries during the autumn of 1947.

⁶ *Ante*, p. 123. For additional documentation regarding the efforts of the United States to assist in the establishment of the Free Territory of Trieste, see pp. 51 ff.

⁷ Ernest Bevin, British Secretary of State for Foreign Affairs.

741.60H/11-1347 : Telegram

*The Chargé in the United Kingdom (Gallman) to the Secretary
of State*

SECRET

LONDON, November 13, 1947—1 p. m.

6016. Belgrade's 2208 November 11 to Department, repeated Moscow as 72. We have closely studied Belgrade's observations regarding a possible shift in British policy towards the Tito regime. Belgrade says that this shift in British policy may date from Noel Baker's visit to Yugoslavia last spring. This would coincide with a change in the personnel of the Southern Department in Foreign Office. Prior to this time, for last 6 years, that department has been run by conventionally minded British diplomats; however last spring Wallinger became head of department and Adam Watson his chief assistant. (The latter is well known to American FSOs who have been in Moscow during past 3 years where Watson was stationed.)

We have not and do not detect any softening of British policy vis-à-vis Yugoslavia since these men came to Foreign Office. They are both well aware of Soviet machinations (Wallinger was previously in China), and both extremely pro-American and the whole department has been invigorated by their energetic and clearly thought out activities. The Department will recall that the Embassy reported in its 3318 June 17 to Department, repeated Belgrade as 16 and Moscow as 217,¹ the skepticism expressed by them when the Yugoslavs were so unexpectedly agreeable to Noel-Baker. Supervising the Southern Department is Christopher Warner who also supervises Eastern Europe including Soviet Union. We have not detected any change of line vis-à-vis Yugoslavia in him.

British Foreign Office does not show any signs of appeasing Yugoslavia and its present views re the FTT are based on the theory that FTT would never work, that the governor would be impotent, that strikes and infiltrations would result in eventual Yugoslavia annexation, and that it would, therefore, be impractical and against the interests of the UK and US to have FTT set up and functioning. It believes there is much more chance of the actual city of Trieste remaining in western orbit if US-UK zone is under Italian sovereignty. It feels that Yugoslav zone is already virtually annexed to Yugoslavia.

Foreign Office officials are under no illusions about Yugoslavia and they agree with Belgrade's characterization of that country as an aggressive junior partner in the Soviet hegemony.

¹ Not printed.

It is true that British Government is seeking trade with continental countries. This is partially explained by the necessity of British buying food from soft currency areas, but these trade negotiations should not be considered as any sign of appeasement towards Yugoslavia, Hungary, Russia, or any other continental country in Soviet orbit with which Britain has conducted or is conducting trade negotiations.

There is truth in the assumption that we must carry the burden, as Belgrade indicates, but in our view Britain is willing to help us as much as she can. In this connection the collaboration and determination of British Foreign Office that implementation of peace treaties with satellites should be a joint policy between US and UK must be borne in mind.²

Sent Department 6016; repeated Belgrade 35; repeated Moscow 320.

GALLMAN

² For documentation regarding the efforts by the United States, in cooperation with the United Kingdom, to secure implementation of the Treaties of Peace with Bulgaria, Hungary, and Rumania, see pp. 1 ff.

840.51 FC 60H/11-1347

*Memorandum of Conversation, by the Secretary of State*¹

RESTRICTED

[WASHINGTON,] November 13, 1947.

Participants: Dr. Stanoje Simich, Yugoslav Minister for Foreign Affairs;
Mr. Sava Kosanovich, Yugoslav Ambassador to the United States;
Dr. Aleš Bebler, Yugoslav Deputy Minister for Foreign Affairs
The Secretary.

The Yugoslav Minister for Foreign Affairs, who is in this country as Yugoslav Delegate to the General Assembly of the United Nations, accompanied by the Yugoslav Ambassador and by the Yugoslav Deputy Minister for Foreign Affairs, called by appointment made at their

¹ Immediately following this conversation, Ambassador Kosanović and Assistant Foreign Minister Bebler called on John D. Hickerson, Director of the Office of European Affairs. According to the memorandum of conversation prepared by Walworth Barbour, not printed, Kosanović and Bebler carried on a lengthy discourse reviewing the alleged unfriendly actions of the United States against Yugoslavia, including charges that the American Embassy in Belgrade was engaging in improper activity. For his part, Hickerson reminded the Yugoslav representatives that the United States had consistently endeavored to find a basis for mutually beneficial relations between the two countries but had invariably met with hostile Yugoslav responses. (840.51 FC 60H/11-1347)

request on November 13.² Mr. Simich immediately referred to Yugoslav blocked gold in this country and in this connection Ambassador Kosanovich read a memorandum dated November 4, 1947 which they left for the Department's consideration.³ The Ambassador then expanded at length upon that memorandum, alleging specifically, among other things, that the retention of this Yugoslav gold to satisfy US claims which have arisen against Yugoslavia since the original blocking order of 1941 is contrary to the purposes for which such blocking was instituted and inconsistent with the Bretton Woods Agreements concerning the International Monetary Fund and Bank, which envisage the full utilization of members gold reserves for monetary coverage.⁴ The Ambassador continued that despite these considerations the Yugoslav Government is most anxious to settle US claims and to obtain the release of the Yugoslav gold in order that it may utilize the gold for purchases in connection with Yugoslav reconstruction. He mentioned that the US is engaged in extending important financial assistance to Europe in the form of loans but pointed out that the Yugoslav request merely related to the return of funds already belonging to Yugoslavia. The Ambassador went into some detail concerning the nature of US claims against Yugoslavia, expressing Yugoslavia's willingness to settle claims for compensation for the loss of direct American investments but her unwillingness to entertain claims for dollar payments for investments made through third countries by individuals who have subsequently become American citizens. He stated, without specifying exactly what he had in mind, that there are additional US claims which the Yugoslav Government is not even disposed to discuss (presumably our claim for compensation for the two airplanes destroyed by the Yugoslav authorities in 1946). The Ambassador further referred to the fact that the Yugoslav Government contends, on the basis of figures it alleges to have taken from US sources, that the total value of US direct investments in Yugoslavia in 1941 amounted to something over 5 million dollars. Mr.

² In a memorandum to the Secretary of State dated November 12, not printed, Hickerson had provided background information relative to expected conversation with Foreign Minister Simić. Hickerson's memorandum characterized Simić and Bebler as follows:

"Simich was Yugoslav Ambassador to the United States from June 1945 to the early part of 1946. Despite his office he is not a member of the inner ruling circle of the Yugoslav regime and the extent of his influence in Yugoslavia is problematical. The relative insecurity of his position, however, appears to make him feel that he must emphasize his strict adherence to the party line. Mr. Bebler is believed to be more solidly established with the Yugoslav Communist rulers and to have more authority than Simich." (860H.51 FC 60H/11-747)

³ The memorandum under reference is not printed.

⁴ For documentation regarding the United Nations Monetary and Financial Conference at Bretton Woods, New Hampshire, July 1-22, 1944, see *Foreign Relations*, 1944, vol. II, pp. 106 ff.

Simich then said that the Yugoslav Government is now prepared to offer to set aside from the Yugoslav blocked gold sufficient funds to meet our claims for compensation for direct US investments in Yugoslavia, on the understanding that the remainder of the gold would be unblocked.

I stated that I would personally interest myself in the matter they had raised and would consider their proposal strictly on the merits of the case.⁵ At the same time, I pointed out that the US Government has consistently endeavored to reach a satisfactory understanding with the Yugoslav Government whereby those mutually beneficial relations which we so much wish to see could exist between the US and Yugoslavia. However, I made clear that despite our efforts the Yugoslav regime has opposed our endeavors to this end at every turn. Mr. Kosanovich responded that the unfriendly activities of the US Embassy in Belgrade during the incumbency of Ambassador Patterson, our employment in the Embassy of Yugoslav nationals opposed to the regime, US action in dropping explosive fountain pens and pieces of coal from US airplanes, etc had been provocative and embittered the Yugoslav people against the United States. I said that I could of course appreciate the position of the people of war-devastated Yugoslavia and the various psychological forces which had resulted from the trials of the ordeal through which Yugoslavia passed. I emphasized, however, the impossibility for myself and the people of the US of accepting the psychological disruption of Yugoslavia as an adequate explanation for the provocative policy toward the US which events of the last two years cannot fail to convince us the Yugoslav regime has premeditatedly adopted. I cited as an example of the misconceptions prevailing in Eastern Europe at present in regard to US policy a conversation I had recently had with the Polish Foreign Minister.⁶ I told them that the Polish Foreign Minister had suggested that the European aid program would have been materially assisted if

⁵ Following his meeting with the Yugoslav representatives, the Secretary of State asked George F. Kennan, Director of the Policy Planning Staff, to examine the question of whether the United States position with regard to the blocking of the Yugoslav gold was fully justified. In pursuance of this request, a Policy Planning Staff paper, PPS-16, dated November 17, was prepared and submitted by Kennan to Under Secretary Robert A. Lovett under cover of a memorandum dated November 18, neither printed (840.51 FC 60H/11-1847). The conclusions of PPS-16 were as follows:

"1. The United States is justified in maintaining the blocking of the Yugoslav gold pending some satisfactory general settlement of its claims against Yugoslavia.

"2. We can, if the Yugoslavs are prepared really to negotiate, accept a smaller sum than we are asking for at the moment as part of a generally satisfactory settlement. The appropriate time to make a new offer is a matter of tactics.

"3. We should attempt to persuade the Yugoslavs that we desire a settlement and should press forward with the negotiations along the general lines on which they have been initiated."

⁶ See p. 446.

the USSR had been consulted in advance as had the British and French. I had told the Polish Foreign Minister and, speaking frankly, reiterated to them, that this attitude was based upon a complete misconception. Neither the British nor the French nor any other foreign government and in fact very few individuals in this country had actually been consulted in advance of my public proposal on European aid. Furthermore, except for emphasizing that we would not be in a position to accept a recovery plan which merely listed Europe's financial requirements, I had carefully abstained from giving any advice in the formulation of the plan.

Mr. Bebler asked whether it would be envisaged in the European recovery program that Yugoslavia would be given full opportunity to trade with Europe and the United States? I replied that European recovery would seem to require the freest possible interchange.

860H.50/11-1847 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET

BELGRADE, November 18, 1947—6 p. m.

2232. Withdrawal of major proportions in economic policy seems to be under way here. For almost two years and half Yugoslav Government has proceeded in Communization program at unprecedented rate. This pace commensurate with zeal of its leaders was based on set of highly optimistic economic calculations re (1) support by Soviet exports and Yugoslav trade agreements, (2) post-UNRRA aid, (3) early and appreciable reparations deliveries, (4) unblocking of assets in US, and very importantly (5) success in enlisting voluntary cooperation peasantry and labor. None of these calculations has succeeded fully and some have failed.

Progress under 5-year plan has begun to slow markedly and work on large sections of it not yet commenced. Tremendous drop in 1947 imports has accelerated consumption UNRRA supplies which except for durable goods are largely used up. Throughout summer and fall appreciable price rises and goods scarcities developed with reciprocal relation that peasants withheld food from markets and labor beginning to feel effects incessant speedup and inadequately rewarded did not meet production goals. Speeches of Tito at Croat peasant rally, Peoples Front Congress, and War Veterans Association inauguration were recognitions of the deteriorating economic situation.

Confined within inexorable Communist framework of policy and association, Yugoslav Government is not free to attempt major reforms that could correct regime's weaknesses but has instituted own

version of new economic policy. Labor's grievances sought to be cured by new wage scales (Embtel 2050, October 3¹) which not only increase general level of wages but also distance between lowest and highest paid workers. Peasant dissatisfaction sought to be ended by virtual abandonment compulsory food collections. Institution of free sale system for basic foods and commodities intended pacify both groups (Embassy airgram A-406, October 10¹). System provides for double prices, one set for rationed quantities and one set for all other sales. Kidric² in remarkable admission at labor union conference on November 10 said "experience past two or three years proves it is neither in interest our peasantry nor adequate supplies for our cities if we go on prolonging impossibility for peasants sell freely surplus products at freely established prices. As soon as we introduced free sale system quantities of goods in our market doubled and tripled". Embassy believes this last a gross overstatement.

This reversion to more capitalistic market and wage practices has been accompanied by another NEP in international commercial policy. Yugoslav Government apparently at last recognizes need to trade with US for industrial and transport equipment if 5-year plan is to be launched within 5-year period. Recent US businessmen travelling here have been startled by cordiality their reception and reiterated expression desire Yugoslav Government for business with US. Habjanic, Yugoslav commercial attaché in Washington, returned for months consultation in October and in call on me left strong impression of Yugoslav determination to increase its US [trade?]. Type of encouragement and proposition given T. P. Philip Bros. (Embtel 2114, October 16³) we consider major development. Simić visit to Secretary (Embtel 2222, November 14¹), which Embassy has as yet received no information, may be related this trend.

¹ Not printed.

² Boris Kidric, Chairman of the Yugoslav Central Economic Council, Chairman of the Central Commission for Planning, and Minister of Industry.

³ Not printed. Telegram 750, November 24, to Belgrade, not printed, which replied to the Belgrade telegram under reference, stated that representatives of Philip Bros. had discussed with the Department the desirability of continuing mineral imports from Yugoslavia and the question of a possible loan to Yugoslavia. The telegram outlined the Department's policy in the following manner:

"They [the representatives of Philip Bros.] were informed Dept favored continuance imports at maximum level since same desirable for US stockpile strategic raw materials. They were also told Exim loan highly unlikely but that in line with traditional policy Dept would have no objection to private commercial loan.

"Dept's policy of non-discrimination in trade relations with Yugo involving transactions and commodities of nature referred to above not considered in contravention US policy in Greece." (611.60H31/10-1647)

All this indicates we are entering difficult and delicate period in our economic relations with new Yugoslavia. As long as regime's policies were as crudely unconcealed as its political programs, question of contribution by US industry to strengthening of country presented no great problem. Now if façade of sweet reasonableness in commercial matters be presented question may well become more acute. I would emphasize that no divorce of economics and politics is possible in regime such as this and I am sure that driving fanaticism of its leaders makes any deviation from straight Communist line only temporary and tactical. Our economic policy toward Yugoslav Government must be shaped with full consideration these factors.

CANNON

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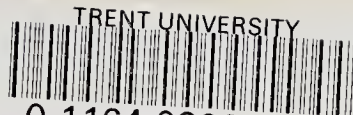
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